FINANCIAL TIMES

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Internal inquiry begun into Tube disaster

London Regional Transport, which runs the underground system, yesterday began an internal inquiry into the fire at King's Cross station on Wednesday, in which 30 people died.

The inquiry will involve all station staff on duty at the time and train drivers and administrative staff may also be interviewed. The conclusions will be made public unless there is a risk that they will prejudice the public inquiry set up by the Government.

Underground chief executive Dr Tony Ridley said the inquiry would investigate claims that passengers told staff about smoke and smouldering material at least an hour before the alarm was raised.

Speculation on the cause of the fire centred on the possibility of a build-up of gas, or the uses of cleaning fluids on the escalator where the blaze began. Investigators ruled out arson as a possible cause, however.

The Underground hopes to bring the station back into full use next week, possibly by setting up a temporary booking hall.

In Tokyo, the Fire Department said it hoped to send a three-man team to London later this month to "learn lessons from the blaze for future reference." Representatives of the Swedish emergency services visited the scene yesterday. Testimony, Page 4

British Airways bid values BCal at £81m less than July offer

BY CLAY HARRIS

BRITISH AIRWAYS yesterday launched a fresh takeover bid for British Caledonian Group and said at least 2,000 jobs would be lost under its plans to combine the two airlines.

BA's latest offer, which BCal said it would study, is worth £156m, compared with the £237m value of the original July bid, even though the number of shares being offered is unchanged.

The value of the cash alternative has fallen more steeply, from £220m to £119m. It will be funded by Britain's second biggest underwritten share issue since the stock market crash, after that for Eurotunnel, the Anglo-French group building the Channel tunnel.

BA launched the bid nine days after the Monopolies and Mergers Commission ruled that a bid for BCal - under revised terms proposed by BA - would not operate against the public interest.

However, the proposed takeover still faced possible legal challenges on two fronts last night.

Air Europe, the independent airline owned by International Leisure Group, the UK travel company, said it planned on Tuesday to seek an interim injunction to block the takeover offer, pending its application for judicial review of the Monopolies Commission report.

British Midland Airways, another UK independent, said it would file a formal complaint with the European Commission on Monday, stating that the proposed takeover and the circumstances of its clearance contravened the Treaty of Rome.

Mr Harry Goodman, ILG chairman, and Mr Michael Bishop, his British Midland counterpart, dispute BA's interpretation of the clearance as well as objecting to the secrecy in which BA was allowed to submit the revised terms to the Monopolies Commission.

BA said yesterday that the benefits of the proposed takeover remained substantially the same as in July despite BCal's subsequent sale of its hotel and helicopter operations.

Lord King, BA chairman, repeated his arguments for the merger. He cited the acknowledgement of Sir Adam Thomson, BCal chairman, that his airline's future as an independent, medium-sized airline was uncertain.

"In today's competitive environment, an airline needs to be large enough to enjoy economies of scale or small enough to enjoy the advantages of being a specialised niche operator," Lord King said.

BA said it hoped to realise as many as possible of the 2,000 job losses, of which about three quarters would be in the UK, through voluntary redundancies and natural wastage.

More jobs were likely to be lost, however, if BA did not regain the BCal route licences it has agreed to return to the Civil Aviation Authority. BA plans to re-apply for all the licences in question.

Unlike BA's original offer, the latest bid was not agreed in advance with BCal. This is not believed to indicate a breakdown in talks between the two sides, even though BCal has insisted it would hold out for an offer close to the original price.

The sudden launch of the bid, 12 days before the deadline under takeover rules, took BCal by surprise. It reflected BA's decision yesterday morning to seize the opportunity when it discovered that institutions were willing to underwrite the issue despite market volatility.

Institutions have committed themselves to buying the new BA shares at 110p, 24 per cent below yesterday's closing price of 145p. This large discount, compared with a 7 per cent gap between the original share and cash offers, reflects continued nervousness over the state of the markets.

BA will close the cash offer at the first opportunity - 21 days after publication of its offer doc-

Continued on Back Page

Lex, Back Page

Optimism grows for agreement over US deficit

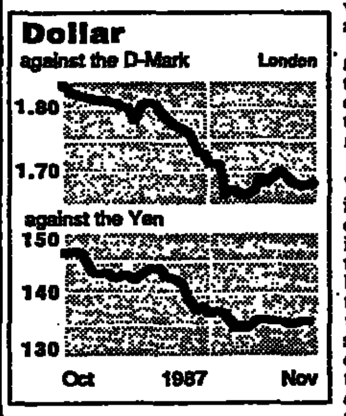
BY STEWART FLEMING IN WASHINGTON, JAMES BUCHAN IN NEW YORK AND SIMON HOLBERTON IN LONDON

President Ronald Reagan was expected to meet Congressional negotiators yesterday afternoon amid growing optimism that an accord to reduce the US budget deficit would be reached.

However, Mr Reagan was poised to sign the executive order triggering $23bn (£12.9bn) of automatic budget cuts required by the Gramm-Rudman-Hollings budget process reform law in the event of a last-minute breakdown in negotiations.

Conflicting reports over the likelihood of a budget accord led to sharp swings in the world's equity and foreign exchange markets throughout the day.

Before the White House meet-



ing Mr Lloyd Bentsen, a Democratic Senator, said negotiators had reached a "tentative agreement" on a package that is expected to reduce the deficit by $75bn dollars over two years. Earlier Mr Jim Wright, the House of Representatives Speaker, told reporters: "I think we have an agreement."

However other congressmen expressed serious doubts about the quality of any agreement that might emerge. Republican Senator Bob Packwood, a key budget negotiator, denounced the forthcoming pact and said that the United States could have done a lot better. "It's a miserable little pittance," he said. Senator Packwood, the senior Republican on the Senate Finance Committee added, "I think the world markets will say 'Is that the best America can do?' I find it hard to believe they'll be happy about it."

Early reports that an agreement was within reach help lift share prices and boosted the dollar. In London, the FT-SE 100 share index recovered from being more than 30 points down to close 5.7 down at 1633.4 on reports that the negotiators had reached a firm agreement.

In New York, the Dow Jones Industrial Average recovered from an early loss of around 40 points to a gain of 12 points, before slipping back again at midsession. Long bond prices climbed sharply and were up over half a point by early afternoon.

Dollar foreign exchange trading was also highly volatile. The US currency rose from a low of DM1.6580 in early afternoon trading in London to close at DM1.6825 compared with DM1.6800 on Thursday and at Y135.40 compared with Y135.35. By noon in New York it had strengthened to DM1.6915.

On Wall Street, earlier gains were marked down as the markets responded to Senator Packwood's comments and optimism was replaced by more modest assessments of the budget cuts.

Earlier, Mr Marlin Fitzwater, the White House spokesman, said the triggering of the automatic cuts process would have no practical effect on federal government spending for several days.

As he spoke, Congressional and White House officials were meeting on Capitol Hill. There were optimistic comments about the imminence of a deal but some of those engaged in the talks are barely able to hide their contempt for the agreement they are working on. They are thus intensifying doubts about whether a divided Congress would be able to pass legislation to make the cuts and raise the taxes in the three weeks before December 16, when the flexibility built into the timetable for implementing automatic spending cuts expires.

The budget negotiations have cast a pall over financial markets for the past week. Equity markets, gilt-edged markets and currency markets have all been hanging on the outcome of an agreement in Washington.

In London, the market's top 100 companies lost more than 2.5 per cent of their value over the week by the close of trading yesterday. Without the Kuwaiti Government's purchase of more than 10 per cent of BP during the week, the market could well have ended lower, analysts said. The FT Ordinary share index closed 4.2 down at 1283.7.

In London the pound closed at $1.7790 compared with $1.7805 on Thursday and at DM2.9925 compared with DM2.99 previously. The Bank of England's sterling trade weighted index closed at 75.7 points compared with 75.4 previously.

Editorial comment, Page 6; Wall Street, Page 11; London stocks; and money markets, Page 12; Week in markets, Weekend section; Lex; BZW discloses loss of £18m; and London Life cuts operations, Back Page

WEEKEND FT

THE ARABS

Despite its massive reserves of oil the Arab world is wracked by violence and political and social disunity. Michael Field reports.

PI

FINANCE

Traded options - winners and losers

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TRAVEL

The race to preserve Madagascar, plus going walkabout in Zambia

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HOW TO SPEND IT

. . . in the hottest new shops in town

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CHRISTMAS FARE

The season's best wining and dining

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JEWELLERY

Gems to glitter in - in colour

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WORLD NEWS

Ceasefire in Sri Lanka

India yesterday declared a 48-hour unilateral ceasefire in its six-week military action against Tamil rebels in Sri Lanka, to give them time to lay down weapons.

Both Sri Lanka's government and Tamil spokesmen welcomed the ceasefire, which India said would be extended if there were "hopeful signs and a proper atmosphere." **Back Page**

Gorbachev speech off

The White House withdrew a plan to ask Mikhail Gorbachev to become the first Soviet leader to address a joint session of Congress. **Page 2**

US seen as less honest

Britons see the US as less honest than the Soviet Union in seeking an arms control agreement, according to a Gallup poll in the Daily Telegraph.

Kidnapped girl freed

Spanish police stormed a flat near Gibraltar and freed five-year-old Melodie Nakachian, kidnapped 12 days earlier. One man was shot in the chest.

Gandhi's party wins

Indian Premier Rajiv Gandhi's Congress (I) party won control of Nagaland state, ending two years of electoral losses. **Page 2**

Exocet hits tugboat

An Iraqi Exocet missile hit a tugboat in the Gulf, killing one crew member.

News on Sunday closes

The left-wing newspaper News on Sunday closed after seven months with losses of about £10m. **Page 3**

'Sue Home Office' – judge

Colin Dungey, 20, was jailed for five years at Shrewsbury for 32 burglaries, most committed after magistrates granted him bail six times. The judge said his victims might like to consider suing the Home Office.

Royal anniversary

The Queen and Prince Philip celebrated their 40th wedding anniversary.

England victory

England, 263 for eight (Gooch 142), beat Pakistan, 240 for eight (Rameez Raja 99, out for obstructing the field), in a one-day match at Karachi, and lead the three-match series 2-0.

Passion killer

A New York judge banned a perfume called Elizabeth Taylor's Passion from sale at some shops, saying it competed unfairly with another perfume called Passion.

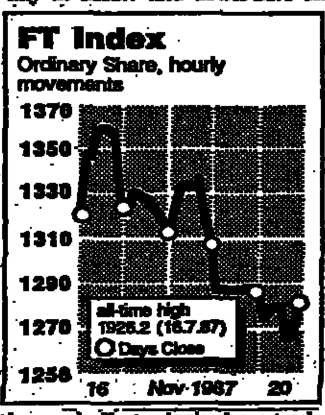
BUSINESS SUMMARY

BZW makes crash loss

BARCLAYS de Zoete Wedd, investment bank, says it has been badly hit by last month's stock market crash.

It has made a pre-tax loss so far this year of £18m and analysts calculate this means losses of £60m in the crash. **Back Page**

EQUITIES rallied at the end of the session but the FT Ordinary Index still ended down 4.2 on the day at 1285.7 and down 31.4 on the week. Yesterday's share trading volume was only 472.5m compared with 800m daily a week ago. **Page 12**



LONDON LIFE Association is cutting operations sharply after running into financial problems, both policyholders and staff will be affected. **Back Page**

RENAULT, the French state-owned vehicle group, is to cut its workforce by a further 5 per cent. **Back Page**

BEDFORD'S medium and heavy truck operation is expected to be sold to David J. Brown and his County Durham-based group of vehicle companies. **Page 4**

ROVER GROUP, UK state-owned vehicles company, has ended its link with merchant bank Hill Samuel. **Page 4**

SOUND DIFFUSION chairman Paul Stoner is to resign as chairman of the electrical and equipment leasing group. **Back Page**

GUINNESS, brewing and distillery company, plans to buy back up to 10 per cent of its ordinary shares. **Page 8**

US CONSUMER prices rose at a seasonally adjusted rate of 4.8 per cent in the first ten months of the year. **Page 2**

INTERNATIONAL TIN Council: Maclaine Watson, London Metal Exchange trader, asked the High Court to order the insolvent council to give details of its worldwide assets. **Page 3**

ABBEY NATIONAL, UK building society, undercut its main rivals by cutting its mortgage rate to 10.1 per cent. **Page 3**

HUNGARY is to close four large iron and steel plants. **Page 2**

MARKETS

DOLLAR

New York lunchtime:
DM 1.6820
FFr 5.7120
SFr 1.3805
Y135.55
London:
DM 1.6825 (1.6800)
FFr 5.710 (5.6975)
SFr 1.3805 (1.3770)
Y135.40 (135.15)
Dollar index 96.3 (96.5)
Tokyo close Y135.37 (135.63)

US LUNCHTIME RATES

Fed Funds 6¹¹⁄₁₆
3-month Treasury Bills:
yield: 5.816%
Long Bond: 100.02
yield: 8.856

GOLD

New York: Comex Dec latest
$465.1
London: $464.5 (465)

STERLING

New York lunchtime $1.7635
London: $1.7790 (1.7805)
DM 2.9925 (2.990)
FFr 10.1575 (10.1450)
SFr 2.4550 (2.4525)
Y240.75 (240.75)
Sterling index 75.7 (75.4)

LONDON MONEY

3-month interbank:
closing rate 8⁹⁄₁₆% (same)

NORTH SEA OIL

Brent 15-day Dec (Argus)
$17.745 ($17.575)

STOCK INDICES

FT Ord 1,285.7 (−4.2)
FT-A All Share 818.26 (−0.7%)
FT-SE 100 1,633.4 (−5.7)
FT-A long gilt yield index:
High coupon: 9.17 (same)
New York lunchtime:
DJ Ind Av 1,903.02
Tokyo:
Nikkei 22705.56 (+36.76)

Chief price changes yesterday, Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon $1.125; Luxembourg LFr48; Malaysia Rls4.25; Mexico Pes900; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr8.00; Philippines Pes20; Portugal Esc100; S.Arabia Rls6.0; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr8.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

Thunder of protest over Education Reform Bill

BY MICHAEL DIXON AND PETER RIDDELL

THE GOVERNMENT'S far-reaching Education Reform Bill made its first step towards the statute book yesterday against a thunder of protests from opposition parties and virtually every union with even a fringe interest in education.

Despite the protests, the Government is determined to push the bill through the Commons as quickly as possible.

Guillotine motions to limit further debate on both it and the Housing Bill, also published yesterday, have provisionally been written in for early next year after a few weeks of detailed committee scrutiny and a couple of all-night sittings. This is to ensure that both bills are out of the Commons ready for Lords consideration by Easter.

The problem for the Government is that both bills are complicated and long (147 clauses for education and 109 for housing), and that given the strength of opposition they would never go through the Commons in time without a guillotine.

Moreover, Lord Whitelaw, the leader of the Lords, has warned that the Government may face defeat in the Lords on aspects of the education bill, notably the proposal to allow schools to opt out of local authority control.

Mr Kenneth Baker, Education Secretary, introduced the 169-page education bill by calling it a "charter for education" with the principal aim of devolving the management of state-maintained schools and colleges to their individual governing bodies, including parental representatives.

But he was promptly accused of doing precisely the opposite by Mr Jack Straw, the Labour education spokesman, Mr Paddy Ashdown, the Liberals' spokesman, Mr Norman Willis, TUC general secretary, and a host of other union leaders.

Mr Straw said the Education Secretary was using the bill to give himself 175 new powers to control various aspects education. Labour would put down amendments to almost every section of the bill.

Continued on Back Page

Details; and Housing Bill, Page 4; Wiping the slate clean, Page 6

MAIN PROVISIONS OF THE BILL

● National curriculum of about 10 subjects to be taught to all normally capable 5-16 year olds in state-maintained schools.

Schools to be free to admit children up to maximum physical capacity.

● Head teachers and governors to have stronger powers over financial management and staff appointments and dismissals.

● Governing bodies free to apply to opt out of local authority control if they obtain backing of a "one-vote" majority of parents.

● Polytechnics and other largely degree-level colleges to be removed from local authority control

● Funding of universities and new free-standing polytechnics to be in hands of independent councils able to set conditions on allocation of public money to individual institutions.

● The 13 central London boroughs invited to apply to opt out of Inner London Education Authority and run their own area's education services.

Volkswagen to sell US factory

BY ANDREW FISHER IN FRANKFURT

VOLKSWAGEN, the West German motor group, is to sell its loss-making car plant in the US, ending a venture that has never quite fulfilled the ambitious hopes of the late 1970s.

Despite the fall in the dollar, the plant at Westmoreland, Pennsylvania, has recently been consistently in the red and working at less than half its capacity.

VW started making cars in the US in 1978. The decision to abandon manufacture there next year was part of a drive by the Wolfsburg-based company to curb costs in Germany and elsewhere at a time of rising imports and price competition.

The other German volume car producers - Ford-Werke and Opel, owned by Ford Motor and General Motors of the US - have also been striving to reduce costs by shedding labour and investing heavily in new manufacturing equipment.

Golf and Jetta cars are made by VW at Westmoreland, fitted with engines imported from Mexico. It said the US market for such middle-range models had been shrinking, while competition had been intensifying.

The company will stop producing the Jetta from March, and Golf production will also end later next year. VW builds 100 Jettas and 300 Golfs a day at Westmoreland. These models will in future be exported from West Germany.

The Westmoreland plant employs 2,500 hourly-paid workers and staff. Mr Carl Hahn, chairman of VW, would not reveal how much it had been losing, but said: "It has been a loss that we could not take responsibility for continuing, as it would weaken Volkswagen of America's overall competitiveness."

Including imports of its upper-range models from Germany, VW of America makes a profit. It also began this year to import its cheap Fox car from Brazil, and sales already total 31,000 in the period from January to October.

The US plant got off to a poor start, but later made profits and ran at peak capacity until output was cut two years ago, when the dollar was strong, to one shift a day. Plans to add a second assembly plant were dropped four years ago and a US body-stamping plant has also been closed.

Asked whether the US move was part of a general cost-cutting exercise, Mr Hahn replied: "Certainly. We have to reduce costs, as everyone has."

Output from the US plant dropped in the first 10 months of this year by 15 per cent to 54,000 cars, with VW imports from Germany 11 per cent lower at 110,000 units.

Volkswagen will continue to operate its motor components plant at Fort Worth, Texas.

Sale of Bedford truck operations expected soon; and Rover ends Hill Samuel link, Page 4; Renault job cuts, Back Page

CONTENTS

W German broadcasts that no one can hear

BY RAYMOND SNODDY

EUROPE'S first direct broadcasting satellite, the West German TV-Sat, was scheduled for launch early today - but with little prospect of anyone being able to watch it because of delays in producing the receiving equipment.

"It is a satellite broadcasting to everyone but received by nobody," Dr Burkhard Nowotny, managing director of the German cable and satellite association, said.

Delays became inevitable when Mr Christian Schwarz-Schilling, the Bundespost minister, rejected pleas that the satellite transmit in PAL, the existing television system, until 1990 when a second German DBS satellite is due to be launched. Instead Mr Schwarz-Schilling renewed his commitment to the new D2-MAC standard even though the first prototypes of the microchip decoders are only now being produced.

Dr Thomas Fischer, executive assistant at Intermetall, the ITT subsidiary manufacturing the D2-MAC chips, says fully working chips are now available.

"We have made a commitment that we will provide 10,000 chips a month from January," Dr Fischer said.

But Intermetall concedes that it could be next summer before the receiving equipment is in German shops in any quantity.

Mr Rolf Arnim, managing director of Eurosatellite, the Franco-German consortium that has built TV-Sat and the French satellite TDF-1 due to be launched next spring at a total cost of about DM520m (£173m), believes the delay could be shorter.

The Bundespost, which assumes the risk for the satellite as soon as the hooks restraining the Ariane rocket fall away, needs about three months before TV-Sat is fully operational. Mr Arnim, who is holding a party for 1,000 people near Munich tonight to celebrate the launch, believes receiving equipment could be ready by March.

The satellite will carry four television channels - the private channels Sat-1 and RTL Plus and Drei-Sat and Eins-Plus from public service broadcasters ZDF and ARD and a possible 16 channels of digital stereo sound during the day.

The channels which are already available on German cable networks and on land transmitters in some parts of Germany will be available all over Western Europe, including the UK, although large dish aerials are needed the further away you get from the centre of the satellite beam.

British Satellite Broadcasting, holder of the UK's DBS franchise, is due to launch three new channels of satellite television in 1989 with yet another standard - D-MAC.

Hungary to close four steel plants

By Susan Greenberg in Budapest

HUNGARY'S Presidential Council, the country's top decision-making body, agreed in a controversal move this week to close four large iron and steel plants considered to be economically inefficient.

The names of the four plants have been decided but not yet made public, according to a senior trade union official. The timing and details of the closure are still to be decided.

The decision which will lead to redeployment and possible unemployment for thousands of workers came after months of heated debate about ways of restructuring Hungary's faltering economy. It also comes at a time when the public is feeling jittery about the introduction, for the first time. this January of income tax and VAT.

Reformers in Hungary have long argued that the Government should cease to subsidise declining heavy industries and put their support into lighter industries which would help the country's balance of trade.

Most large state controlled enterprises are considered to be loss makers. It is estimated that the Government spent about Forints 160m (£2.4m) supporting such enterprises in 1985, a quarter of the state budget.

Stefan Wagstyl experiences some of the perplexities which confront a newcomer to Tokyo

Japan's two faces of arrogance and kindness

JAPAN is open to the foreigner. And it is closed. This became clear to me one day in Shinjuku Station soon after arriving in Tokyo.

Like many Westerners before me, I got completely lost in this complex of railway and bus stations built on several levels with a shopping centre on top.

With my few words of Japanese, I tried to ask one passer-by the way and then another. The first man raised his hand and walked past, the second brushed me aside.

A few moments later, an old man who had seen what had happened came up and asked where I wanted to go. When I told him, he insisted on taking me there and shared his umbrella with me because it was pouring with rain.

These are the two faces Japan presents to the foreigner - one an arrogance, the other touched with kindness born of a deep-rooted respect for the guest.

Both are visible any day. On the Tokyo underground, Japanese people will often avoid sitting next to a foreigner, but sometimes, the one person who will do so will start a conversation in English, find out where you are going, and explain which one of the 12 exits at Otemachi station you need.

It is the same with policemen. Driving in central Tokyo one day, I braked suddenly and a lorry hit me. The driver called the police, who took us both to the station. There they told the other driver it was 100 per cent his fault and he must apologise to the foreigner. Reluctantly, he did.

Another day, I asked a policeman the way. The policeman merely asked to see my identity card, a document every foreigner must carry complete with photograph and fingerprints.

I did not have one. So I was hauled off to a roadside police-box and lectured (in English) by his sergeant, about the duties of foreigners in Japan.

At first sight, there is a superficial familiarity about Tokyo for a visitor from the West. With its skyscrapers, neon lights, traffic lights, and traffic jams, Tokyo could be Manhattan. There are few parks or gardens and what little of old Japan survived the 1923 earthquake was mostly demolished in the war. Macdonald's, Pizza Express, Calvin Klein and Michael Jackson - all of American life seems to be here.

However, in between the similarities the differences show through. Just off Omotesando, a chic Tokyo street that young Japanese call the Champs Elysees, urban farmers still grow sweet potatoes on tiny plots surrounded by luxury flats. In my street, there are blocks of flats, old Japanese wooden houses, shops, a car park, and boarding kennels with a huge neon sign saying "Pet Hotel". Urban planners have their enemies, but anyone who thinks they should be banned should visit Tokyo.

This lack of planning has its charms - the temple, hidden behind a launderette; the Japanese garden overlooked by an office block. But the overall result is that the richest people on earth live in some of the world's smallest flats.

One result of small homes is that the development of electronic gadgets is curiously one-sided. Anything small is state-of-the-art: the latest video-recorders on the market print colour photographs, the newest kitchen machine is an automatic bread-maker which mixes its own dough. But large appliances look as if they are hardly up to doing the job - the shops seem to be full of underpowered vacuum cleaners and washing machines apparently designed to do one shirt at a time.

The newly-arrived Westerner is inevitably overwhelmed by the Japanese language. At first you are lured into a false sense of security. The signs in shops are in English - because English is the fashionable way to promote anything from cars to underwear. But every word of explanation will be in Japanese.

The difficulty is that Japanese is not like a second European language. There are no clues, no common roots, no way of guessing meanings. The combination of these hieroglyphics with English - for example in a hi-fi brochure - is infuriating. Words like "automatic", "remote control", "high quality", stick out from an undecipherable mass.

One option is to study Japanese, preferably for 10 years. Another is to hope that the absorption of English words into Japanese will continue at the current rate. Eventually, the two might become the same. But that is unlikely if only because English words often become unrecognisable in Japanese. So it is no good saying "Hamburger". You have to say "Hambaga". Even "French fries" is useless. It has to be "Furenchie furai".

Japanese cuisine is delicious but presents problems. After several enjoyable meals out, my wife and I decided to try sashimi - raw fish - at home. Unfortunately, it was not the same. After munching a piece of raw octopus we decided that enough was enough. We threw the lot into a pan and fried it. It was perfect.

Reagan abandons plan for Gorbachev speech

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, AND LIONEL BARBER IN WASHINGTON

THE White House yesterday backed off a plan to ask the Soviet leader, Mr Mikhail Gorbachev, to become the first Communist leader to address a joint session of Congress.

President Ronald Reagan's chief spokesman, Mr Marlin Fitzwater, acknowledging growing Republican opposition to the plan, said there was "probably a better forum" for Mr Gorbachev to meet Congressional leaders during his December 7-10 summit trip to Washington.

Mr George Shultz, US Secretary of State, is to meet Mr Eduard Shevardnadze, Soviet Foreign Minister, in Geneva next Monday to discuss Mr Gorbachev's agenda in Washington and resolve outstanding differences on the prospective treaty to scrap medium and shorter range nuclear missiles (INF). The talks will also cover regional problems and human rights.

The hastily-convened meeting is taking place following the failure of US and Soviet arms control negotiators to finalise an INF treaty at their talks in Geneva earlier this week.

It will therefore be up to Mr Shultz and Mr Shevardnadze to tie up the loose ends in time for the summit. Spokesmen from both sides have emphasised that the summit is not in danger of being postponed, but they have been equally firm in underlining the need to settle a number of outstanding problems before it is held.

Mr Fitzwater twice stressed at the daily White House briefing for reporters that signing a medium range missile treaty agreement was not a necessary component of a summit, saying "there are plenty of other issues to discuss." An INF agreement is widely seen as the summit centrepiece and Mr Fitzwater's words may have been intended to counter suggestions that the US is over-eager to conclude a deal.

US officials say that verification of the INF treaty - ensuring that no cheating is taking place - remains the main issue to be settled on the arms control agenda. Washington claims the Soviet Union has still not provided all the data on INF missile deployment considered essential by the US if a treaty abolishing all medium-range nuclear missiles is to be signed.

On the other hand, Moscow is reported to have made an important concession in allowing US on-site inspection of the Soviet plant where SS-25 strategic missiles are manufactured, so as to reassure Washington that it was not being used to make SS-20 medium-range missiles.

Yesterday, the US announced in Geneva that the two superpowers had agreed to carry out several joint nuclear test explosions to calibrate equipment to help verify future pacts on atomic blasts. The agreement was foreshadowed earlier this year.

Mr Michael Armacost, US under-secretary of state for political affairs, made it clear yesterday that the two ministers would also prepare the summit discussions on regional conflicts, human rights and bilateral problems.

Shevardnadze: final details

Answering questions in a satellite television hook-up with several European capitals, Mr Armacost cautiously welcomed the recent Soviet statement suggesting that Moscow was now ready to accept a 7-12 month timetable for the withdrawal of its troops from Afghanistan.

He hoped the Soviet Union would now make a formal proposal to this effect, since no agreement was likely to be reached on the composition of a future transitional regime in Afghanistan until the withdrawal issue was settled.

Left-wing Salvador exiles test peace plan

BY ROBERT GRAHAM IN MANAGUA

TWO leading members of the exiled left-wing opposition in El Salvador are to return home within the next few days in what is seen as a major test of the Central American peace plan, agreed last August by the region's five leaders.

The first to return will be Mr Reuben Zamora who left El Salvador in 1980 at the onset of a civil war which has cost more than 60,000 lives. He is the joint leader of the FDR (Democratic Revolutionary Front), the political ally of the FMLN (Faribundo Marti Liberation Front), the umbrella guerrilla organisation fighting the US-backed Government.

Mr Zamora is due to arrive in San Salvador today from Mexico City. He will be followed on Monday by Mr Guillermo Ungo, the FDR President. The exiled politicians will be accompanied by observers from Europe, Latin American and the US to guarantee their safety and to encourage a sense of national reconciliation.

"We do not see our return just in the context of El Salvador but in the broader prospective of the Central American peace plan," Mr Zamora said before his departure. "This move should be a catalyst in the peace process."

Mr Zamora insists the FLMN has endorsed their return rejecting speculation of a split over strategy between the two groups However, the FLMN is refusing to observe a unilateral ceasefire introduced by the Christian Democrat Government of President Jose Napoleon Duarte. President Duarte has not formally given permission for either of the two politicians to return.

It is the first time leading political figures have returned from exile to test the liberalisation pledged by all Central American Governments to comply with the peace agreement reached in Guatemala on August 5.

The presence of Mr Zamora and Mr Ungo in El Salvador, will not only test President Duarte's willingness to conduct a dialogue with the whole of the opposition but will also be a barometer of the behaviour of the right and the military who in the past have not hesitated to resort to the death squad. Only three weeks ago Mr Herbert Anaya, a leading human rights activist, was assassinated in San Salvador in broad daylight.

The two FDR leaders will stay in El Salvador for approximately two weeks. Their action could well lead to renewed pressure on the Sandinesta Government in Nicaragua to permit the return of some of the leading figures among the Contra rebels.

Reports of Namibian mutiny denied

BY ANTHONY ROBINSON IN JOHANNESBURG

REPORTS that several hundred black Namibian soldiers in two South West Africa Territorial Force units had mutinied in protest against their deployment in Angola were denied yesterday by Swatf headquarters in the Namibian capital Windhoek.

While describing reports in the local press as "completely untrue", army headquarters confirmed that 47 members of the Kavango Province-based 202 Battalion had been discharged from duty at the end of last month, "for failing to comply with military standards."

The military also confirmed that 27 members of the Ovamboland-based 101 Battalion had protested against being involved in foot-soldiering when they had been trained for mobile warfare from vehicles. These soldiers were now performing their normal duties, a statement said.

Last month, Swatf reported that 150 South West Africa People's Organisation (Swapo) guerrillas had been killed and 400 injured when South African and Namibian forces overran a Swapo headquarters near Cuvelai, some 200 miles into Southern Angola.

Many of the black soldiers recruited into Namibian ethnic battalions are former Swapo insurgents who could face death if captured by Angolan government forces inside Angola.

This week, Swapo claimed responsibility for three bomb blasts which destroyed a section of railway line in Namibia and caused damage in the South African port enclave of Walvis Bay.

The army also confirmed last night that Swapo guerrillas, who have been fighting to end Pretoria's rule over the territory, had injured five civilians in a mortar attack in the north and injured another four when a vehicle detonated a landmine.

Fresh bid to restore Cabora Bassa power

BY ANTHONY ROBINSON

SOUTH AFRICA, Portugal and Mozambique have agreed to make a new attempt to try to restore the flow of power from the Cabora Bassa Dam on the Zambezi River in Mozambique.

Power supplies from the dam, completed in 1977, ended in October 1983 following destruction of pylons and power lines along the 900 km long Mozambican stretch of the line connecting the dam to the South African grid.

The ministerial-level meeting agreed to set up a permanent joint committee to assess the cost and feasibility of rebuilding the 522 pylons destroyed by rebel Mozambican National Resistance (MNR) forces and re-connecting lines to the grid.

Mozambican and South African army officers will meet later this month to discuss co-operation on security both during and after re-construction. Mr Kobus Meiring, the South African Deputy Foreign Minister, said the question of using South African troops to help guard the line had not yet been decided.

Portugal, whose government guaranteed the loans raised to finance construction of the dam when Mozambique was still a colonial territory, made clear at the talks that it was not prepared to put up any more finance until the line was restored and earning revenue.

Dr J M Barroso, the Portuguese Secretary of State for Foreign Affairs, said that servicing and re-paying loans and the maintenance required to keep the dam, turbines and generating equipment ticking over had already cost Portugal $1.2bn.

The next tri-lateral meeting will take place at Cabora Bassa in February when the cost and other aspects of the proposed re-construction will be discussed.

Under the terms of the existing tri-lateral agreement signed in may 1984, the South African Electricity Corporation (Eskom) agreed to draw 1,450 mw from Cabora Bassa annually, equivalent to 8 per cent of South Africa's electricity demand.

Mr Ian MacRae, Eskom general manager, said that although South Africa has surplus capacity, restoration of the Cabora Bassa supply was an important link in creation of a regional grid for Southern Africa, and would reduce the need for capital investment in new South African power stations.

Malaysia sets free 11 of 106 detainees

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN authorities yesterday released 11 of the 106 detainees, held for nearly a month without trial as part of the government's security crackdown against politicians and leaders of pressure groups.

Their release follows what the government claims to see as an improvement in the racial and security situation in the country.

The most significant name among those freed was Mr Ahmad Sebi, managing director of Television 3, owned by the ruling United Malays National Organisation. He is one of the most powerful figures in the mass media and is closely linked to several senior Malay ministers.

Another important person released was Mr Chan Kit Chee, a vice-president of the Malaysian Chinese Association, the Chinese partner in the coalition government. A member of parliament from the opposition Democratic Action Party was also freed. The rest were mainly environmentalists and religious preachers.

Tan Sri Jaffar Abdul, the deputy police chief, said the 11 were no longer considered a security threat, and had been freed without conditions. He declined to answer further questions regarding the security crackdown. However, it is understood that as the security situation "improves" more detainees would be freed.

Among the 95 still under detention are Mr Lim Kit Siang, the opposition leader, Mr Karpal Singh, a prominent lawyer, and Dr Chandra Muzaffar, head of Aliran, the influential reform movement, as well as 10 other members of parliament.

Malaysia's Internal Security Act allows for detention without trial for up to 90 days, after which detainees can be held for a further two years on orders from the home minister.

Several detainees have filed writs of habeas corpus, and the first case is to be heard in the Kuala Lumpur High Court on Monday. However legal experts are not confident detainees will win as the ISA is so structured that in most cases, the courts will accept the authorities perception of what constitutes a threat to national security.

Dr Mahathir Mohamad, the troubled Malaysia Prime Minister, claims the arrests averted a racial clash between Malays and Chinese, who had been challenging each other on many sensitive issues in recent weeks.

Australia, Egypt fail to agree debt rescheduling

BY TONY WALKER IN CAIRO

AUSTRALIA and Egypt have failed to agree on terms for rescheduling about Australian $400m of debt for wheat shipments. Negotiators are expected to meet again in Canberra in the new year. The two sides are at odds over the margin to be charged on Australian government borrowings to cover debt rescheduled under a Paris Club agreement in May. Australia was one of 18 countries party to the Paris Club accord which allowed Egypt to reschedule about US $8bn of government-guaranteed debt.

Cairo secured standard 10-year Paris Club rescheduling, including a five year grace period on payments of principal. The rescheduling covered arrears plus debt falling due between January 1987 and June 1988. Australian and Egyptian negotiators this week agreed on reference rates for interest to be charged on borrowings for the Australian and US dollar components of the debt. The reference rates for the Australian dollar component of the A$400m debt, which accounts for about three-quarters of the total, will be the 180-day bank bill rate. The rate agreed on for the US dollars element is Libor.

Egypt has proposed paying a margin of point two per cent on the borrowings, but Australia is insisting on a figure closer to point five per cent. Egypt is one of Australia's biggest wheat markets. An Australian wheat board team is now in Cairo negotiating a new agreement under which it is expected Australia will continue supplying two million tonnes a year. This accounts for about one-third of Egypt's wheat imports.

Goria suspends Italian nuclear programme

BY JOHN WYLES IN ROME

THE ITALIAN Prime Minister, Mr Giovanni Goria, yesterday announced the formal suspension of plans to build further nuclear power stations in the wake of the national referendum a fortnight ago.

His statement confirms that the five party coalition interprets the referendum results as a strong vote against current nuclear technology. Mr Goria said Italy would put its research efforts into developing the "safer" fusion technology and the government would produce a new energy policy based upon polycombustible power stations and alternative forms of energy.

Work is to be halted on constructing a nuclear reactor at Trino Vercellese and the 25-year-old reactor at Latina would be closed. Mr Goria made no reference to Montalto di Castro, where work on a 2,000mw reactor is well advanced, but it is assumed that this will be completed. Plans for another 10,000mw of capacity by the year 2000 have been suspended.

This clarification on energy policy came during a speech to the Senate launching a debate on the government's request for a new vote of confidence following this week's political crisis.

In an acknowledgement that the crisis had thrown up shortcomings in the management of his government, Mr Goria announced that he had revived the inner cabinet created by his predecessor, Socialist Party leader Mr Bettino Craxi, comprising the senior representatives in the government of the coalition parties.

The government would shortly be presenting draft legislation to deal with the other controversial referendum issue - a citizen's rights to damages against judicial error. Mr Goria said that the compensation for which a magistrate would be personally liable would be limited by the law.

Consumer prices in US rise by 4.8%

By Nancy Dunne in Washington

US CONSUMER prices, boosted by higher energy costs, advanced at a seasonally adjusted rate of 4.8 per cent during the first ten months of the year, the US Labour Department said yesterday.

In October alone, the consumer price index rose 0.4 per cent, on a seasonally adjusted basis. The increase follows an 0.2 per cent rise in September.

The Department said that October's rise was largely caused by higher costs for shelter, cars, car financing and clothing. Food prices, which had risen 0.6 per cent in September, edged up only 0.3 per cent in October.

For the year thus far, energy has been the fastest rising component in the index, recording a 10.1 per cent increase.

Yugoslav group to go bankrupt

AGROKOMERC, a major Yugoslav state food company involved in a multi-million dollar financial scandal, is to be declared bankrupt, the state Tanjug news agency said yesterday, **AP reports from Belgrade.**

The Bosnian agricultural company, once held up as a model of rural economic development, had issued close to $1bn of uncovered bills of exchange since 1983.

Tanjug said that the equivalent of $50m would have had to be invested to keep the company from going bankrupt after the illegal flow of funds was stopped.

Yugoslavia, which is going through a serious economic crisis, has no funds for "uncertain" investments, said Tanjug.

Irish move on extradition

A MEETING of the Dail, the Irish parliament, is likely next week to consider a bill to simplify extradition of terrorist subjects to the UK, a British goal which has met some resistance in Dublin, **the Press Association reports.**

The Irish government is expected today to fix an all-day sitting to consider the bill, which includes safeguards specially requested by Irish politicians.

Taiwan charges journalists

THE Taipei district court has indicted one of two Taiwanese journalists who in September visited China in defiance of a government ban on visits to the mainland, **writes Bob King in Taipei.**

Mr Lee Yung-teh and his paper's president, Mr Wu Feng-shan, face charges of falsifying official documents in the paper's request for the assistance of the government information office in obtaining an exit permit for Mr Lee. The paper told the government Mr Lee was to visit Japan rather than China.

Gandhi's party holds Nagaland

Mr Rajiv Gandhi's Congress I party last night won its first victory in a state assembly election for over two years when it maintained control of the assembly in the north-eastern state of Nagaland, **writes John Elliott in New Delhi.**

The victory in this small state on the border with Burma will help to boost the Congress I Party's low morale. But regional issues dominated the campaign.

Yugoslavia's IMF credit

A reference in some editions of yesterday's Financial Times to a $20 bn Yugoslav government stand-by credit arrangement with the IMF should have made clear that the $20 bn refers to the country's estimated hard currency debt. The government is hoping to secure either standby credits or access to the Fund's extended fund facility to strengthen its position in negotiations with foreign creditors when existing rescheduling arrangements expire in 1988/89.

Japan urged to join Iran embargo

BY IAN RODGER IN TOKYO

US COMMERCE Secretary Mr William Verity yesterday urged Japan to join the oil embargo against Iran.

The call startled the Japanese Government, which had thought the US accepted Japan's reluctance to jeopardise its relations with Iran.

Mr Verity said it was time for Japan to join the US in the shared leadership of the free world. He suggested several ways Japan might reflect its acceptance of enhanced international responsibilities, among them the removal of protectionist measures in the Japanese economy and the strengthening of Third World economies.

"Will you (Japan) join with us in the oil embargo against Iran if Saudi Arabia and the Emirates will make up the shortfall that would result from such an embargo? It might be the lever that will bring Iran into the UN ceasefire plan in the Iran-Iraq war," he said.

Tokyo does not believe it would be helpful if Japan joined in an embargo. This position was explained to the US last month when the idea of an embargo was first raised. Japanese officials thought the US accepted this view. Japanese Foreign Ministry officials yesterday expressed surprise at Mr Verity's remarks, but said their position was unchanged.

So far, Japan's contribution to the effort to secure the safety of shipping in the Gulf has consisted mainly of diplomatic moves, based on the fact that it has satisfactory relations with both Iran and Iraq.

The other major element of Japan's contribution to the Gulf problem is the purchase of a Decca radio navigation system to help shipping in the area. Foreign ministry officials said yesterday they hoped that the purchase and installation of the system could be completed before the end of the year.

A total of 24 stations are to be built along the Gulf coast, six to seven each in the United Arab Emirates, Saudi Arabia and Oman, two in Kuwait and one each in Bahrain and Qatar.

These countries will be responsible for the installation although Japan will pay the $11m cost.

Tokyo pressed to open market

BY OUR TOKYO STAFF

JAPAN'S refusal to open its public sector construction market to foreign civil engineering groups is not acceptable to the US Government, according to Mr William Verity, the US Secretary of Commerce.

Mr Verity, who has just completed two days of talks in Tokyo with Japanese leaders, said the issue was a "very hot item" in US Government circles. If the Japanese did not show any readiness to respond to US demands, then it would be difficult to restrain the desire in the US Congress for retaliatory measures.

Friction between the US and Japan over access for foreign contractors to the Japanese construction sector developed over a year ago when US companies experienced difficulties getting contracts on the Y1,000bn (£4.2bn) Kansai international airport project near Osaka.

That dispute has been more or less settled in the past few weeks by Japanese moves to open up the bidding process. However, the US is now claiming that the more open system of bidding should apply to all public works projects in Japan. As in many countries, the Japanese construction industry has close links with the ruling political party and so the Government was resisting removing obstacles to foreign competition.

Yesterday, Mr Verity was told by Mr Shintaro Abe, the secretary-general of the ruling Liberal Democratic Party, that all Japan's remaining problems in opening its markets were painful ones

Mr Verity said it was time for Japan, as a very rich nation and leading trade partner, to open its construction market. He pointed out that the US civil engineering market had been open for 30 years.

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Laos, shy land that asks to be seen in a good light

Stewart Dalby revisits old haunts in a remote, secret country

Heroic workers look down on streets mercifully free of cars and the roar of motor-bikes

EVEN Albania allows groups of tourists these days, but virtually none has visited Laos. A few journalists have been allowed in, though aid officials and diplomats visit, of course. But the country is firmly anchored in the Eastern Bloc. It has particularly close relations with Vietnam, which it borders and which has 30,000 troops there. The largely mountainous country also has 2,000 "advisers" from the Soviet Union.

The landlocked Indo-Chinese nation has become one of the most remote and secretive places in the world since the country's Communist Pathet Lao Party consolidated its hold on power in 1976.

Hardly any Western journalist who knew the place in the early 1970s when the Americans used Vientiane, the capital, to prosecute a war by air and proxy troops against the Pathet Lao, has been back to make comparisons about the quality of life.

The visit of Princess Anne to Laos as part of a Far East tour as President of Save the Children Fund afforded a rare opportunity for a group of journalists to take a look at the country.

Princess Anne is admirable, of course, in the way she tirelessly troops around schools and hospitals in bad conditions. But it is idle to pretend that I was not curious to visit my old haunts.

The prospects were not good. After the deserted airport and a drive along mostly empty streets (yes, the Russian-built bus did break down on cue 200 yards from the airport), we booked in to the old French-built hotel - the Lane Zang. Mr Panthong our host, the acting head of the press department at the Ministry of Foreign Affairs, told us that at 28 we were the largest group of Western journalists to visit Laos, since the liberation.

"We are a new country," he said. "There are a lot of things not ready to be shown. We are shy. We need to be shown in a good light."

We were to adhere strictly to the official programme for the Princess Royal. We would not be allowed to walk around by ourselves and probably would not see any top officials. "You may go to your rooms by yourselves," he said, then burst into hearty laughter. "Everywhere else you must be accompanied by your collaborator."

It was not much of a joke since we had to share rooms, or in some cases go four to a room, even though apparently some Russians had been relocated so they could fit us in. To add insult to injury, we had to pay for the rooms in dollars and also pay for our official transport because, according to Mr Panthong, "our Ministry is very poor."

I managed to give my collaborator the slip and made straight for the Hotel Constellation, two blocks away. In my day it was the *journalists'* hotel. It was run by Maurice Cavalerie, a handsome half-French/half-Vietnamese unabashed smuggler of opium. The Constellation was flyblown with a high marble table, ceiling fans and small waiters flitting around like moths.

It seemed always to be full of Americans in check trousers and with hairy forearms, looking conspiratorial over Coca Colas, and Corsicans with gold teeth and dark glasses looking equally devious over their pernod. Laos was a French colony until 1954.

I always used to think that the Americans, with the arrogance of affluence, strutted around as if they owned the place. As an American aide worker pointed out to me, they did. American aid was 95 per cent of the Lao budget. They paid the Royal Lao Air Force separately for each bomb they dropped.

The saturation bombing meant that out of a population of 3m, some 1m were refugees in their own country. Most of them lived on Vientiane Plain. Vientiane was heaving with people and gorged with American money it could not absorb - a river town straight from the pages of a Joseph Conrad novel. Today, Greater Vientiane has a population of no more than 200,000.

The Constellation is now called The Vieng Villay, and houses Russians on long-term rents. It is still flyblown and the Russians have a reputation for being mean.

I and a colleague who speaks Lao spoke to the people there. It seems that things had been very difficult until five years ago. There were shortages of everything including food. But since the Thais across the Mekon river had relaxed security as the wave of refugees subsided, shortages started to disappear.

Goods began to come across the river both officially and unofficially. The men and girls said they earned about kip 1,300 a week, worth about $3 on the official market. This is also what government officials earn. The *per capita* income is put at $140 a year, but it is difficult to know what this will purchase since much of the economy is demonetised.

Some of official wages are paid in coupons for rice and meat and so on. Much of the economy is based on the extended family with some members farming and others doing part-time jobs. Suffice it to say, though, the Lao remain extremely poor. At this stage, two collaborators arrived and glowered at us over their orange drinks. We decided to go to bed as everywhere was closing. It was just 10 o' clock.

Next morning, we persuaded our collaborators that a visit to the central market in between the schools and the hospitals would not do lasting damage to Anglo-Lao relations.

The market seemed to confirm what we had been told the previous evening. There were few TVs or videos but plenty of basic necessities. Meat, eggs, poultry, fish, etc. There was shampoo for $2, shirts for $4, watches from $15, Johnny Walker Red Label from $15 or six weeks' salary. There were also, irony of ironies, three bosomy Russian wives buying denim skirts with US dollars.

Dollars are the currency for the foreigner, since to change any amount of kips means you needs lots of pockets and anyway, traders will not take them. We again were ushered back into our buses when we tried to take photos.

The collaborators were perfectly friendly about all this. There was no menace in their minding. It is just that they had never had to cope with so many of us before and did not know quite what to expect.

Vientiane has reverted to being what it was - a sleepy, restful river town. One gets little feeling of oppression or rank dissatisfaction. It is much nicer than it was.

Feona McEwan reports on the Advertising Standards Authority's quarter century

Legal, decent, honest and 25 years old

COMPLAINTS about advertisements reveal much about the times we live in. Once it was acceptable, for example, to use the highest of the high to endorse a product, without permission. In the 1890s, Bovril gave its product the divine blessing of the Pope. "The two infallible powers" declared the press advertisement which pictured the Pope wielding a steaming mug of the dark liquid.

Cigarettes were claimed to cure sore throats, alcohol was said to be good for you, and hair-restoring potions could do the impossible and replace lost locks.

Laying down the code is one thing, interpreting its spirit is another. Deciding what offends, outrages and upsets the consumer is not always easy.

That was before 1961 when the birth of the Code of Advertising Practice, which guides press and poster advertisements, curbed the excesses of the more over-enthusiastic and unprincipled advertisers.

The Advertising Standards Authority, the arbiter of what is and is not allowed in press and poster advertising, was set up a year later. This year marks its 25th birthday..

At that time the economy was booming, the consumer society was in its early growth phase, and the public was facing an increasing choice of products as a result of competition among manufacturers and retailers. But suspicion about manipulation by advertisers was strong, and the newly-born commercial television network was setting the pace with strict regulations.

So the advertising community took matters into its own hands on the press and poster front, before the Government did so for it. The industry evolved its own Code of Practice, which has since become the model for many of the world's self-regulatory advertising systems. It remains a voluntary system administered by the industry.

The code demanded for the first time that ads must be legal, decent, honest and truthful. This meant an end to the unchecked ads of the post-war era, which promised a lot but justified little. The code put a brake, for instance, on companies offering cosmetic wonder treatments without any proof. Out went ads admonishing women to "increase and beautify your bustline in a few short weeks" from advertisers who had not been required to give proof of substantiation.

Among early offenders in the code's first days was the holiday trade. Hotels were advertised with swimming pools before the pools had been built, or before the hotels themselves had been built.

A combination of experience, admonishment and consumer pressure has helped reduce the volume of complaints in recent years in this area. But as one industry learns to operate in tune with the public interest, there is always another sector of advertisers ready, it seems, to replace it in the black book.

More recently it has been advertisements for computers, symbols of the technology-driven 1980s, that have offended more than most, coming from nowhere in 1982 to third in the top 10 complaints league this year. The Advertising Standards Authority reports cases of computer companies advertising a new advance: the market jumps at it, orders flow in and then it emerges that the product is not in existence yet, or not in sufficient quantity, and customers are let down.

An 1890s advertisement: standards have changed since then

"As a marketing failure, this is the failure of success," the ASA maintains, pointing out that it is a problem that can happen only in a growing industry. "Still, it should not happen at all."

The motor industry is another frequent offender. Images of fast cars which could foster anti-social behaviour require some of the more controversial decisions that the ASA has to make. For example, it banned an ad of the Toyota Supra Celica showing it alongside a revolver. The line read: "The trigger is under your right foot." Similarly, a Lancia Beta Coupe shown suspended off the ground beneath the line "Flying Lessons Optional" was outlawed.

Currently financial services ads are taking much of the flak and attracting complaints. Banks, building societies, insurance and investment companies, newly freed to operate in a wider competitive marketplace, have leapt from seventh place in the 1985-86 list of offenders to second this year.

Complaints have generally been on the ground of accuracy. One firm, for instance, implied that its credit card was acceptable at a wider range of outlets than was the case.

Laying down the code is one thing, interpreting its spirit is another. Deciding what offends, outrages and upsets the consumer is not always easy. One striking example of an ad that offended hugely was the poster from Today newspaper of the political leaders Thatcher, Kinnock, Owen and Steel which showed them lynched. The tagline was "Would Britain be better off with a hung parliament?" This drew one of the biggest volumes of protest from the public, and was banned on grounds of taste by the ASA.

The ASA, like many industry bodies, has a somewhat weaker profile than it would perhaps like. To mark its silver jubilee year it is touring Britain with a roadshow explaining what it is and what it does.

Its role in handling consumer complaints - about 8,000 a year - is only one strand to its bow. In order to keep in touch with public sensibilities and amend the rule book when the need arises, the ASA also commissions research in advertising. It is currently investigating the public's view of the depiction of women in advertising. The effects of advertising on children is also a concern.

In addition, the authority offers advice to those who produce and publish advertisements and runs a continuous monitoring programme independently checking about 15,000 ads and sales promotions each year.

Some of the recent responses from the ASA, bowing to consumer pressure, include the awareness of health dangers. Smoking, bad diet and misuse of alcohol have brought in stricter disciplines.

News on Sunday closes down

BY RAYMOND SNODDY

THE NEWS on Sunday, the left-of-centre newspaper launched in April, finally collapsed yesterday with total losses of about £10m.

Mr Owen Oyston, the Lancashire millionaire who has been keeping the paper afloat since it went into receivership in June, told staff that there would be no paper this Sunday.

He blamed lukewarm trade union support for a plan to distribute copies free to union members for a period, with the aim of boosting circulation, as the final reason for closure.

Mr Oyston, who has lost £2m in the venture, said: "It is a sad day. We had a viable business plan but the trade union support was too little and it came too late."

Mr Ron Todd, of the Transport and General Workers' Union, who has been funding the paper on a weekly basis with Mr Oyston, supported a free distribution plan but only four other trade unions expressed interest.

Mr Oyston is hosting a farewell dinner this evening for the 70 staff who have lost their jobs.

Mr Ron Todd of the TGWU: backed free distribution

The paper was losing £80,000 a week and circulation had dipped to 112,000.

It is believed the TGWU had, like Mr Oyston, committed £2m to the paper.

Growfar, the company which bought the assets of the News on Sunday from the receiver, and in which the original investors - mainly trade unions and pension funds of Labour-controlled councils - retain a 25 per cent stake, remains in business.

"Growfar remains committed to the ideals of the News on Sun day and will continue to explore all avenues to fulfil those ideals," *Mr Oyston said yesterday.*

These include keeping on a team of five staff led by News on Sunday editor Mr Bill Nutting to look at the possibility of new ventures, particularly launching a credit card and other financial services for trade unionists.

The News on Sunday is the second of the new wave of newspapers to fail. Earlier this year Mr Robert Maxwell, publisher of Mirror Group Newspapers, closed the London Daily News with losses of about £30m.

● The Somerset County Gazette and Salisbury journal newspaper group has been sold by Reed International to Southampton-based Southern Newspapers, it was announced yesterday.

Abbey National cuts its mortgage rate to 10.1%

BY RICHARD WATERS

ABBEY NATIONAL, Britain's second largest building society, has undercut its main rivals by announcing a reduction in its mortgage rate from 11.25 per cent to 10.1 per cent.

The latest round of mortgage rate cuts was led by Halifax, the largest society, which announced a reduction to 10.3 per cent on November 4, after base rates had fallen from 9.5 per cent to 9 per cent.

All the large societies except Nationwide Anglia have followed Halifax's lead, with Woolwich setting a rate of 10.2 per cent, Alliance and Leicester 10.275 per cent and Leeds Permanent 10.3 per cent.

New competition in the pricing of mortgages, with lenders seeking a marginal advantage over rivals, has been prompted largely by the policy of new lenders seeking a larger market share.

Sumitomo Bank, Girobank and the Mortgage Corporation have all reduced their mortgage rates to below 10 per cent in the past eight days.

The Halifax said: "If this is a trend over the medium term it could change the way rates are set." But the society would not respond immediately to Abbey National's move by dropping its rate further, it said.

The rates that societies pay investors are set to fall as well. Although the Halifax yesterday said it had taken no decision about the timing or size of any cut, another large society which declined to be named said it expected to make an announcement next week of a cut of between 0.75 point and 1 point.

High street banks' mortgage rates have been cut to between 10.25 per cent (Barclays, NatWest and Royal Bank of Scotland) and 10.5 per cent (Midland and Lloyds).

In most cases, the revised mortgage rates apply to new borrowers immediately and to existing borrowers from December 1.

Fire-damage costs rise 11% to £134.9m

By Eric Short

FIRE-DAMAGE costs rose to £134.9m in the third quarter, up nearly 11 per cent on second-quarter costs. This was more than 9 per cent higher than damage costs in the third quarter of last year.

The figures, from the Association of British Insurers, brought total damage costs in the first nine months of this year to £376.6m, 4.6 per cent higher than the £359.9m figure for the corresponding period last year.

Damage costs this year are likely to be well ahead of those for last year because figures for the fourth quarter of last year were very low.

The association said the rising level of fire-damage costs in the third quarter was due to the increased number of major fires. There were seven fires in which damage was at least £2.5m in each case.

Bugatti Royale

OUR PAGE 1 report in the World News column yesterday of the £5.5m price fetched at auction by a 1931 Type 41 Bugatti Royale sports coupe wrongly named the auction house involved as Sotheby's. In fact the car was one of 10 cars auctioned at the Royal Albert Hall by Christie's.

Bid to charge VAT on theatre seat income fails

AN ATTEMPT by Customs and Excise to charge owners of seats and boxes at London's Royal Albert Hall VAT on the income they receive from them failed in the High Court yesterday.

The failure to tap what is seen by many businessmen as a valuable tax-free perk represents the loss of a potentially lucrative source of revenue for the Crown.

Customs and Excise said it would be appealing against the decision because of the "wider implications" of the defeat.

The Royal Albert Hall, where long leases on hundreds of seats and boxes cost anything between £4,000 for a seat and £80,000 for a box, is only one of many theatres and public arenas that operate a policy of selling seats.

Mr Justice Nolan rejected a Customs and Excise appeal against a VAT tribunal ruling that Mr Peter Zinn, a London businessman, did not have to pay £5,028 assessed as due on money he made from selling his Royal Albert Hall seats.

The judge accepted Mr Zinn's argument that the agreement he made with a purchaser was an assignment of a right to occupy land and therefore exempt from tax under the 1983 VAT Act.

The judge rejected the Customs and Excise claim that VAT was chargeable because what purchasers were really paying for was not the "purely incidental" right to occupy a seat but the right to attend performances at the Royal Albert Hall.

"It is critical to keep an eye on what was provided by the seller in law and in fact," said the judge.

"All that Mr Zinn could, and did, supply was the licence to occupy seats."

The right to sell a proportion of the Royal Albert Hall's seats on 999-year leases as a money-making exercise during construction was agreed with the City of London Corporation by Royal Charter in 1867.

The unexpired term on the leases is now 879 years. The position is similar to companies selling shares to raise capital.

The judge said it was common ground between the two sides that the sale of the seats constituted a supply of goods or services for the purposes of VAT legislation.

The disagreement centred on whether what was supplied was the right to attend a performance, as Customs and Excise claimed, or the right to occupy land, as argued by Mr Zinn.

The judge granted Customs and Excise leave to appeal.

Afterwards, Mr Zinn's accountant, Mr David Clinker, said if Customs and Excise was given the right to charge VAT on the sale of seats it would be "the thin end of the wedge."

The VATmen would then be able to argue that they should be able to charge VAT on many shareholders' and businessmen's perks which were currently exempt.

Tin council in asset details bid

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

AN ATTEMPT is to be made to compel the insolvent International Tin Council to give full details of its worldwide assets to one of its creditors.

Maclaine Watson, a London Metal Exchange trader and £6m creditor of the ITC, had already obtained an order that the council disclose the "nature, value and location" of all its assets in the UK.

Yesterday the company returned to the High Court seeking a widening of the order to cover the ITC's assets outside the UK. By agreement, the application was adjourned until the end of this month

When he made the original order in July, Mr Justice Millett accused the ITC of behaving "more like a disreputable private debtor concerned only to hinder and delay his creditors than the responsible international organisation it claims to be."

He said that the ITC had refused all Maclaine's requests for information about its assets, in particular its bank accounts, against which the company's £6m arbitration award could be enforced.

Mr Justice Millett said it was the English court's policy to prevent a defendant removing or concealing its assets so as to deny a successful plaintiff the fruits of his judgment.

The judge said that Maclaine could, if necessary, return to court and ask for the order to be widened to include the ITC's non-UK assets, which the company has now done.

The ITC is appealing against the original order.

Sale of Bedford truck operations is expected soon

BY JOHN GRIFFITHS

THE SALE of Bedford's medium and heavy truck operations to businessman Mr David J. Brown and his County Durham-based group of vehicle companies is expected to be announced on Monday.

Neither side would comment last night on a decision by Mr Brown to call a press conference on Monday morning for "an important announcement" on his negotiations to buy the General Motors-owned business.

However, the negotiations are known to have been making good progress in recent weeks. One executive close to the talks said a few days ago: "We're almost at the point of dotting the 'i's and crossing the 't's."

It seems clear, however, that another attempted truck business acquisition by Mr Brown - the Rover group's Scammell heavy-duty truck plant at Watford - has failed.

Rover group, of which Scammell still forms a part, said last night neither Mr Brown's nor other approaches - including a management buyout bid - had proved commercially acceptable and the plant would be phased out next year as scheduled. Some 600 jobs are being lost.

No financial details have been given about the Bedford negotiations. But Mr Brown has said his plans for the operations would safeguard the jobs of all the remaining 1,100 workers at the truck plant, at Dunstable, Bedfordshire.

Their future has been under threat since the end of last year, when GM stopped making vehicles for the mainstream UK and continental markets. It has continued to make trucks for two markets in which traditionally it has been particularly strong: developing countries and the military.

The best-known and largest of Mr Brown's companies is Artix, a producer of dump trucks and part of a group which employs a combined total of 600 at Peterlee.

Mr Brown would continue Bedford's existing product range, and other products would be added.

Rover ends link with Hill Samuel

BY JOHN GRIFFITHS

THE ROVER group has ended its relationship with Hill Samuel, the merchant bank that has been its financial adviser from the days when it was called British Leyland and was under the control of Sir Don Ryder's National Enterprise Board.

The state-owned vehicles company announced last night that it had appointed Schroder Wagg as its new adviser. It declined to comment on the reasons for the switch.

Rover also said it had appointed Mr Howard Hyman of Price Waterhouse, the accountancy firm, as a consultant.

Hill Samuel, taken over by the Trustee Savings Bank in September, has steered Rover successfully through almost all its privatisation measures to date. With the exception of its foundries, all the minor disposals have been completed.

Rover might have been expected to retain Hill Samuel's services for its last two main privatisations - of Austin Rover and Land Rover.

The upheavals at the merchant bank over the past couple of months, however - including the dismissal in September of corporate finance chief Mr Trevor Swete and his deputy for trying to negotiate the sale of Hill Samuel's entire department to Barclays de Zoete Wedd - may have influenced Rover's decision. Mr Swete was the Hill Samuel director most involved in advising Rover.

Farmers' union agrees cost-cutting measures

FINANCIAL TIMES REPORTER

A RESTRUCTURING of the National Farmers' Union, which claims to represent more than seven out of 10 farmers in England and Wales, has been approved by the ruling council.

It is intended to cut costs by £600,000 over the next 12 months through job losses, fewer meetings and re-organisation of county branches. The union hopes to avoid a deficit of about £250,000 for the year and to produce a balanced budget of £9.5m.

About 20 jobs will go at Agriculture House, the union's headquarters in Knightsbridge, London, representing more than 12 per cent of the workforce there. This reduction will be achieved without any formal redundancies, the NFU claims.

Among those to leave will be two long-serving NFU officials: Mr Philip Butcher, assistant director general, who will retire next February; and Mr Ken McKean, secretary and finance and administration director.

Mr David Evans, director general, said that although the NFU had suffered a deficit for three successive years it had substantial property assets.

The changes to be implemented include a reduction in the membership of the national council (the policy-making body of the NFU) from 148 to less than 100; the council to meet four times a year instead of six; and its committees to be reduced by about a third and to meet less frequently.

P-E directors resign

BY HEATHER FARMBROUGH

P-E INTERNATIONAL, the management and computer consultancy, is to lose two directors after a boardroom row.

Mr Mark Samuels, managing director, and Mr Vic Tuffield, finance director, have resigned after disagreeing with the rest of the board over the proposed restructuring of the company following the merger in June this year with Inbucon, another management consultancy.

The remaining directors propose to divide the company into two operating groups from next January 1. They are P-E Inbucon, which will concentrate on management consultancy, and P-E Computer Services.

Mr Samuels was to have been managing director of the latter division, while Mr Len Brooks, the former chief executive of Inbucon, and currently deputy chairman, will be managing director of P-E Inbucon. However, Mr Hugh Lang, P-E's chairman, said that Mr Samuels wanted to be managing director of both.

Mr Tuffield has agreed to remain with the company until the results for the year to January 1 have been announced. Mr Lang said that he expected to announce the appointment of a new director of the computer division in the next week.

Serota to be director of Tate Gallery

By Antony Thorncroft

THE TATE Gallery in London has named Mr Nicholas Serota as its new director. For the past 11 years he has been director of the Whitechapel Art Gallery in east London. He succeeds Mr Alan Bowness, who retires in August.

Mr Serota, 41, has built up the reputation of the Whitechapel gallery and that of contemporary British artists. He is popular among the avant-garde and his appointment will be widely approved.

At the Tate he will have the difficult task of keeping the confidence of the curators responsible for the collection of British art from the 16th century housed there, as well as that of the specialists looking after the displays of Impressionist and 20th-century international art.

The Tate has the responsibility for acquiring contemporary art which will survive the test of time. That draws criticism from contemporary artists and lobbyists who disagree with its decisions.

At the same time, under the directorship of Mr Bowness, the Tate has established close links with business and has put on a succession of exhibitions underwritten by corporate sponsors. It is currently displaying "Hogarth and British painting," supported by Pearson, which publishes the Financial Times. This in its turn has caused problems with purists, who see no link between art and commerce.

Another leading art world figure was confirmed in his job yesterday. Mr Luke Rittner has been re-appointed for five years as secretary-general of the Arts Council.

● In the salerooms, the fickle nature of the art market in the weeks following the stock market collapse was apparent at Christie's sale of English pictures. It totalled £1,312,740 but left almost 40 per cent unsold, including the most important lot - a Van Dyck portrait of Prince Charles Louis, nephew of King Charles I, bought in at £620,000.

The top price was the £242,000 paid for a view of the Grand Canal in Venice by Richard Bonnington. A Stubbs portrait of the famous racehorse Eclipse made £220,000. Both prices were just below estimate.

Foreign asset figures revised

By Our Economics Staff

THE BANK of England yesterday corrected figures that had suggested that the UK had overtaken Japan as the world's largest creditor country.

In its Quarterly Bulletin last month the Bank reported that UK external assets at the end of 1986 were $186bn, compared with $179bn for Japan and $114bn for West Germany.

It said yesterday that the correct figures for 1986 were: Japan $179bn, UK $162bn, and West Germany $107bn.

The Bank also corrected data in two other tables but added that the revisions did not invalidate anything that was written in the text of its article on the UK's external balance sheet.

Fire officer Larry Chambers relives the King's Cross fire for Ralph Atkins

A testimony to courage and experience

"IMAGINE BEING taken on a tour of a deep cave when they turn out the lights and heat it up to a temperature of 500 degrees Celsius and then ask you to find your way out. That was what it was like at King's Cross."

Station Officer Mr Larry Chambers, in charge of Red Watch at Kensington Fire Station, has eight years' experience and has witnessed countless fires. But he says he is unlikely to forget Wednesday night.

Aged 29 and married with three children, he has been responsible for an 18-man team at Kensington since February.

He has trained rigorously in fire fighting, operational procedure and building construction, and has fought hundreds of fires.

Yet the King's Cross disaster was unique. "I had been to big fires before - like Alexander Palace when that went up - but underground fires are so different. I had never seen anything like King's Cross before."

The involvement of Kensington's Red Watch in the King's Cross drama started at 7.50 pm - a little less than two hours after the beginning of their shift and minutes after the blaze broke out.

The order "make pumps 12" was a signal for a massive reinforcement of the four appliances first called to the station.

Mr Chambers, as always, rode in charge of Kensington's "pump" - or fire appliance. With him were three colleagues.

They arrived at King's Cross to see smoke billowing from the exits. The team was designated a communications unit by officers co-ordinating the 150 firemen at the scene.

The four-man team entered the Underground station from the British Rail concourse. They wore breathing apparatus and Mr Chambers had a special mask fitted with a microphone. Behind them trailed a wire link to the surface.

"Surface control had crews down there already but what they wanted to know was had they found the fire and what exactly was happening down there," said Mr Chambers.

Underground it was total darkness. Lights had failed and the air was dense with smoke. "You could not see your hand in front of your face," he added.

Countless training exercises in blacked-out buildings filled with smoke - nicknamed "rat runs" - had taught the fireman to find their way.

Standard practice is to follow a wall. Follow either a left or a right wall to get in and the opposite to get out.

In the ticket hall the team met up with a senior officer. He reported that the fire, which had spread from about a third of the way up the escalator from the Piccadilly line to engulf the hall, was almost extinguished. This was relayed to the surface before the crew was ordered to help search for bodies and survivors.

King's Cross station is a rabbit warren of corridors, escalators and rooms. Firemen were coming into the station from four surface entrances and started a systematic search.

Mr Chambers led his men down one corridor, leading to one of the exits. They had not gone far before almost tripping over three bodies.

The location was reported to the surface but the search for survivors had to take priority to bringing out the dead. "There was not a lot of point checking to make sure they were dead. It was pretty obvious," said Mr Chambers.

A further 20 yards along the corridor the crew spotted a light in a rest room off to one side. Mr Chambers still does not understand how the light stayed on when all the others had failed.

Inside a middle-aged man and woman were sheltering. The room was hazy but the door had saved them from the suffocating smoke. Both showed no signs of physical injury.

About 15 minutes later the crew's breathing apparatus was running low. Mr Chambers returned to the surface for a short time.

Later he returned, without breathing apparatus, to help complete the search. By now the smoke had mostly dispersed.

At 11pm the team was relieved and returned to Kensington. Equipment was serviced and the crew stood ready to answer other calls.

The watch system means a crew is on for two days and then two nights. Each night it might answer 13 calls. King's Cross, however, was unique.

"It is all part of the job," said Mr Chambers. "But fires like that come only once in a blue moon. I was pleased to be there because it made me a much more experienced fireman."

Firemen fighting the King's Cross blaze

Boost for privately funded rented housing

BY ANDREW TAYLOR

GREATER USE of private investment to provide rented housing is the main aim of the Housing Bill, published yesterday.

Voluntary housing associations, which will be required to raise an increasing proportion of their funds from the private sector, will be expected to play a leading role in the Government's plans.

However, the role of local authorities as providers of rented homes will reduce significantly under the bill's proposals.

Rents charged by housing associations on new lettings will be expected to give private investors a satisfactory return on their money.

The bill proposes to abolish controls over new private lettings to allow landlords to charge a market rent. It also proposes to reform housing association finances to promote greater private investment in association schemes and to give council tenants rights to choose a new landlord.

A further proposal is to establish new-style Housing Action Trusts to take over responsibility for some of the worst inner-city council housing.

Mr Nicholas Ridley, Environment Secretary, said yesterday that housing benefit would continue to help those in need to meet the cost of higher rents.

Housing associations, which have been given a leading role in the government proposals, have reservations about the way the proposals might squeeze low-income groups out of the private rented market.

The National Federation of Housing Associations fears that benefit cuts would mean that people on low incomes would be unable to afford the higher rents needed to attract greater private investment.

Miss Sheila McKechnie, director of Shelter, the organisation for the homeless, said yesterday: "Single parents, unemployed, the sick and those with disabilities will find it almost impossible to get rented housing they can afford."

Mr Clive Soley, shadow housing minister, said: "This bill will do nothing to resolve the housing crisis. It will not revive the rented sector, either public or private."

He said proposed housing action trusts were undemocratic and would remove housing from council control. Mr Soley said housing associations, by collaborating with banks, might end up catering for people other than the low-income groups they were set up to serve.

Housing Bill. HMSO. £8.30.

Labour move on privatisation policy

BY IVOR OWEN

A JOINT MEETING of the shadow Cabinet and Labour's National Executive Committee yesterday initiated a move towards policy changes which could lead to the party entering the next general election without a commitment to the wholesale restoration of privatised industries to the public sector.

As a preliminary to setting up seven policy review groups, the party's leaders were given details of specially commissioned surveys.

These were designed to highlight significant trends in public attitudes towards the economy, employment, housing and other key areas and to give an outline of the likely political landscape in the early 1990s.

One of the central findings of the survey on the economy, incidentally coinciding with the policy advocated by the Liberal-SDP Alliance at the last general election, offered no encouragement for further government intervention, either in the form of privatisation or nationalisation.

This clear preference for the status quo will now be considered by the policy review group.

Its full composition has yet to be decided. But, to the obvious satisfaction of Mr Neil Kinnock, the Labour leader, steps have already been taken to ensure that the shadow Cabinet representatives (Mr Bryan Gould, Mr Gordon Brown, Mr Donald Dewar and Mr John Prescott) are of sufficient calibre to contain any damaging initiatives launched by the hard left.

The leading representative of that grouping will be Mr Ken Livingstone, the former leader of the Greater London Council and MP for Brent East.

Mr John Smith, the shadow Chancellor, will be supported by three of his colleagues on the Opposition front bench - Mr Robin Cook, Mr Chris Smith and Ms Jo Richardson - on the group given the "economic equality" brief.

Whatever the groups' eventual composition, Mr Kinnock is anxious to ensure that the policy recommendations which the groups finally produce are determined by politicians and not by "experts", such as those whose activities led to Labour going into the last election committed to a taxation policy involving the abolition of the married man's allowance.

Parkinson meets electricity sale advisers

BY MAURICE SAMUELSON

A CONFERENCE of Mr Cecil Parkinson and his top departmental and private advisers will this weekend try to hammer out the basic lines along which the electricity industry is to be privatised.

The meeting, thought to be at a government-owned property in Oxfordshire, follows this week's demand by the Energy Secretary that the various parts of the industry should stop airing their opposing views in public.

The main issues on the agenda are likely to be the future of the Central Electricity Generating Board, the bulk supplier in England and Wales, and of the National Grid. The board says the grid should remain in its hands but Sir Philip Jones, chairman of the Electricity Council, believes this is not in the best interests of electricity customers.

Less priority is likely to be given at this stage to the future of the 12 area boards in England and Wales and the two electricity authorities in Scotland.

This will be Mr Parkinson's first opportunity for an extended conference with representatives of the four outside consultancies commissioned shortly after the election to advise on various aspects of the privatisation.

They are Kleinwort Benson, adviser on the initial financial problems; Touche Ross on regulation and accounting; Slaughter and May, on legal problems; and Mertz and McLellan, on the technical issues.

Mr Parkinson is understood to have given his "cool it" instruction to Sir Philip and Lord Marshall, CEGB chairman, whom he met on Wednesday and Thursday respectively.

The CEGB yesterday denied that a written request for public silence had reached its chairman from Mr Parkinson but was seemingly unrepentant about its vigorous public relations efforts.

● Sir Philip yesterday pledged that the electricity industry would do its utmost to keep next year's price increases as low as possible, consistent with the national average of 8 per cent to 9 per cent required by the Government.

Typical industrial prices were lower than most of the UK's European trading partners and lower than major international competitors.

Sir Philip was speaking at the presentation of the industry's annual awards for efficiency and productivity among industrial electricity users.

Private mining 'to expand'

By Ivor Owen

EXPANDED opportunities for open-cast mining by private-sector operators were envisaged by Mr Michael Spicer, Energy Minister, in the Commons yesterday.

He also announced that British Coal's borrowing powers were likely to be increased to take account of additional costs arising from redundancy and pit closures. Existing legislation permits its deficit grant of £100m to be raised to £200m.

While reaffirming that the Government had no "present plans" to privatise British Coal, Mr Spicer looked to the development of a prosperous private sector in the industry which would have substantial implications for communities around the coalfields.

He joined with Tory backbenchers in warning of the dangerous consequences for the industry if the "negative and destructive attitudes" championed and personified by Mr Arthur Scargill, who is seeking re-election as president of the National Union of Mineworkers, were again to become dominant.

Mr Spicer hoped that it would be possible for agreement to be reached by Christmas between British Coal and the private sector operators over changes in the licensing arrangements covering production on open-cast sites.

Mr Spicer had to contend with repeated interruptions from Labour MPs representing mining constituencies who claimed that Government policies, and not the year-long coal miners' strike, were mainly responsible for the problems facing coalfield communities.

There were angry scenes at the end of the debate when Government backbenchers highlighted the thin attendance on the Labour benches by forcing a vote on a motion moved by Mr Kevin Barron, MP for Rother Valley and Parliamentary Private Secretary to Mr Neil Kinnock, the Labour leader.

Cock-a-hoop Conservatives accused Labour of being in "complete disarray" when the motion was defeated by 135 votes to four.

EDUCATION REFORM BILL

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

Few concessions for critics of radical schools plans

THE GOVERNMENT'S Education Reform Bill, put before Parliament yesterday, makes few concessions to the many critics of its far-reaching schemes in spite of signs of opposition from Tory peers who see some proposed changes as divisive.

Most of the proposals were described in consultative papers published this year. Two of them proved especially contentious:

● Provision for successful state-maintained schools to opt out of control by local authorities and to be run on a looser rein, with direct funding from central government.

● The plan to impose on all schools for normally able children a national curriculum of about 10 compulsory subjects.

The bill, which largely excludes education in Scotland and Northern Ireland, lists the subjects, in its first part, as mathematics, English, sciences, history, geography, technology, music, art and physical education.

For secondary schools the list also includes a modern foreign language. Welsh will be obligatory in areas of Wales where the language is spoken.

Schools would have to continue to provide religious studies. Critics of the scheme, who include Tory MPs, have protested that not enough room will be free for adequate teaching of other subjects, such as classics.

However, Mr Kenneth Baker, Education Secretary, said yesterday that although the legislation does not state how much of class-time should be taken up by the national curriculum, he expected it to be at least 70 per cent and probably 80 per cent in many cases.

If the curricular proposals became law, newly created bodies would draft:

● Details of aspects of the subjects to be covered.

● Yardsticks of the minimum approved level of attainment for pupils at four key educational stages.

The bill names the bodies as the National Curriculum Council, the Curriculum Council for Wales and the School Examinations and Assessment Council.

There is no provision for compulsory assessment of children's progress in stipulated subjects. However, it is probable that supplementary rules would be made.

Those would specify that standard tests of some kind should be taken at certain ages, for example, 11, 14 and 16 years, and perhaps also at seven.

The second part of the legislation provides for schools receiving sufficient applications from parents to increase their pupil intakes in line with their maximum physical capacity. The maximum is designated as either:

● The number of children admitted in 1979 before the school-age population began sharply declining.

● Any later intake which was higher.

Part three requires local education authorities togive greater powers to governing bodies of all secondary schools and all primaries with more than 200 pupils, over:

● Financial management.

● Appointment and dismissal of staff.

An authority could extend the powers to smaller primary schools.

Next come the proposals for opting out. They confirm that governing bodies could proceed with an application to be funded by Whitehall as a so-called grant-maintained institution, even if the move were supported by only the barest possible majority of pupils' parents

Moreover, governing bodies would be obliged to hold a ballot on the opting-out issue if asked to do so by a group of parents whose numbers equalled 20 per cent of the school's registered pupil roll.

A school's application to the Education Secretary for grant-maintained status would take precedence over any application by its currently controlling local authority to close it, change its character or enlarge its premises.

If the Education Secretary approved the opting-out proposal, the local council's application would automatically fail.

Grant-maintained schools would have to be managed in accordance with rules drafted by the Education Department.

These would guard against their governing bodies' becoming controlled by any extremist faction.

They would be forbidden to charge fees, except for board and lodging.

Any proposal to change their character, from comprehensive to grammar, for example, would have to published. That would enable objections to be presented and considered before the Education Secretary decided a proposal.

The same would apply to proposals by governors to discontinue grant-maintained schools.

In normal circumstances an Education Secretary wishing to close one would need to give at least five years' notice; however, a shorter period would be sufficient if the school were no longer educationally or financially viable.

The provisions for education beyond school begin by redefining higher education as "further studies of an academic standard higher than GCE Advanced Level," leaving "further education" to cover all other post-school courses in the college sector.

Local education authorities would be duty-bound to supply adequate "further education" in their areas but would cease to control polytechnics and other, largely "higher-educational," colleges with 350 or more full-time students.

In the case of further education institutions left in the local authorities' domain, financial and staffing powers similar to those to be delegated to schools' governing bodies would have to be given to the colleges' governors, of whom half would be representatives of employers.

The 55 polytechnics and other mainly higher-educational colleges in England which are run by local authorities would be reconstituted as free-standing statutory corporations.

They would have charitable status and be empowered to do research as well as supply higher and further educational teaching.

Half of their governors would be required to have experience in industry, commerce or the professions.

Central government funds would be allocated to the institutions by a new Polytechnics and Colleges Funding Council, appointed by the Education Secretary.

A comparable Universities Funding Council would be set up to replace the University Grants Committee as the distributor of public money to universities.

The council covering universities would have 15 members, nine from higher education and the rest from other backgrounds.

Unlike the grants committee it would be independent of government, appoint its own staff and be able to set conditions on its allocations of money to individual institutions.

In turn, it could be required to distribute its total funds on terms laid down by the Education Secretary.

Another provision affecting universities would prohibit academic staff appointed from today onwards from being granted security against dismissal on grounds of redundancy or financial exigency.

All academic staff, whatever their date of appointment, would become liable to dismissal for inefficiency.

The bill also provides for any of the 13 central London boroughs to apply to opt out of the Inner London Education Authority and to take the educational services under its own control.

Any such application would have to be published, and at least a month be allowed for objections to be made.

If the Education Secretary approved the applications, a borough could sever itself from Ilea on April 1 1990, or the same date of a later year.

If eight boroughs took the option voluntarily, Ilea could be wound up and the remaining five boroughs assume responsibility for education in their areas.

Education Reform Bill; HMSO; £10.50.

Single-union deal code proposed

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the GMB general union are proposing that the TUC should adopt new guidelines for clearing union to sign strike-free, single-union agreements.

The GMB is likely to propose to the TUC's review body on trade unionism that the TUC should set a "floor" of some minimum standards for such deals.

Earlier this year, Mr John Edmonds, GMB general secretary, and his officials tried to draw up a long multi-point list of principles which such agreements would have to meet. They eventually decided that it was not practicable to frame the points in a way as that would have any practical effect.

Even so, the move prompted considerable opposition from unions such as the EETPU electricians, which has the largest number of strike-free deals.

Instead of a long shopping list, GMB leaders are now proposing that single-union, strike-free deals should meet three main criteria:

- Employees. Unions should not sign such deals before a workforce has been recruited for the company concerned. Unions would only be able to indicate to employers that such a deal would be recommended to a workforce once it had been recruited.
- Review. The GMB argues that, given the experience of employees working under some current strike-free deals, there is no justification for any such agreement to be signed in perpetuity.

The union therefore believes every such deal should contain a clause providing for the option of a three-yearly review.

Significantly, this could be triggered either internally, by the employees or union concerned, or externally, by another union interested in representing the employees. GMB officials acknowledge this would be a considerable extension of current practices.

- Arbitration. Any deal which voluntarily gives up the option of striking should provide for the unilateral right to automatic arbitration on every issue. Awards would have to be binding on employers, though it should be for the parties to determine whether the system used is pendulum arbitration, where an arbitrator has to choose only between one or another of the presented cases.

On current examples, some of these points would have only limited application. For example, apart from Nissan, Ford Dundee and one or two other smaller examples, few strike-free deals are reached with companies yet to establish themselves.

Hardline opponents of strike free deals may consider that the provisions are not tough enough. They may argue that the points not only fail to prevent such agreements being signed, but have the effect of legitimising them and setting standards so minimal that no union would have any difficulty in meeting them.

However, unions such as the EETPU are still likely to view even the GMB's suggestions as an interference in the right of affiliated unions to reach whatever agreements they choose.

Health service laboratory staff accept 5% rise

By Our Labour Correspondent

ABOUT 19,000 National Health Service laboratory staff have accepted a 5 per cent pay rise - in spite of a decisive vote against it by the main union involved.

As a result, ASTMS, the white-collar union which claims to represent a majority of the staff, is to campaign for a review of the seats on the Whitley Council negotiating body which accepted the rise by a majority of one.

In a workplace ballot of ASTMS members, 68.4 per cent of those taking part voted to reject the offer. ASTMS consequently opposed acceptance on the Whitley Council, but was overruled by the other unions.

Mr John Chowcat, ASTMS national officer, said the unfair and out-dated allocation of seats on the negotiating body had thwarted majority opinion which wanted to challenge the Government's 5 per cent pay limit for the NHS.

- Members of the CPSA civil servants' union in the Employment Department have voted by fewer than 500 in a section of 30,000 members for a one-day national strike next Friday in protest at the use of Youth Training Scheme trainees.

The ballot result, declared yesterday, was 7,682 votes for a "day of action" next Friday, an overtime ban and withdrawal of goodwill, and 7,184 votes against. The turnout was barely 50 per cent. If the strike goes ahead, it will affect Jobcentres and employment benefit offices.

Vauxhall drops plan for bonus

BY CHARLES LEADBEATER, LABOUR STAFF

VAUXHALL MOTORS, the volume car subsidiary of General Motors of the US, has dropped an innovative plan to introduce individually appraised bonuses to reward shopfloor versatility.

The proposals were the first instance of a leading car manufacturer suggesting that bonuses should be paid to shopfloor workers based on individual assessments of their performance.

The company had initially proposed paying the bonuses to individuals after six monthly appraisals of their versatility, but has now told its unions it will pay the bonuses collectively - on condition the unions accept the introduction of more flexible working practices.

The company has also agreed to a slight improvement in the bonuses.

It is thought that the concession, made at pay talks earlier this week, could pave the way for a two-year pay deal incorporating rises of 4 per cent each year and important changes to working practices.

When the talks resume next Thursday, they will discuss whether the bonuses should be open to all grades within Vauxhall plants. Initially, the company proposed that they should only be paid to skilled workers and production line operatives.

- About 4,000 workers at Ford's Dagenham body plant started an indefinite overtime ban last night over the company's three-year wage offer. The ban could lead to disruption of production and model development work in the next few weeks.

The Dagenham estate of factories, which employs about 12,500 manual workers, is expected to be hit by unofficial action on Monday to coincide with the resumption of pay talks. Workers at the company's plants at Halewood, Bridgend and Basildon are also expected to take action on Monday.

Judge rules on forfeit demand

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A FORMER employee of Electronic Data Systems, the General Motors subsidiary, has won the chance to fight the company's demand that he pay it £4,500 because he resigned too soon after completing a training course.

The case is being watched closely by other employers contemplating ways of recouping training costs from staff who leave at an early stage of their employment.

The Court of Appeal yesterday allowed an appeal by Mr Philip Hubble against a High Court decision earlier this year which gave EDS immediate judgment on its claim for the payment.

Lord Justice Mustill said yesterday that Mr Hubble had an arguable case that the EDS scheme, under which he had become liable to pay the £4,500, was legally unenforceable.

Mr Hubble, a 26-year-old information systems graduate, joined EDS in December, 1984.

In October 1985, he signed what was described as a promissory note agreeing to pay £4,500 if he resigned or was dismissed within 24 months of the start of the second phase of the company's training programme.

The sum was stated to be "for educational benefits and other valuable consideration received and to be received."

He resigned in June, 1986, and declined to pay when EDS demanded the £4,500.

Lord Justice Mustill said that the appeal had focused on Mr Hubble's defence that the arrangement of which the promissory note formed part was an unconscionable restraint of trade and that the note was accordingly not enforceable in law.

The presence of the note, it was said, had acted as an unfair inhibition on the exercise of Mr Hubble's contractual right to leave by giving a month's notice.

While not expressing any opinion on whether Mr Hubble was likely to win the case, Lord Justice Mustill said: "I do not regard his case as so hopeless that he should not even be allowed to try."

BT plans merit pay scheme for managers

By David Brindle, Labour Correspondent

BRITISH TELECOM plans to introduce performance-related pay for 34,000 managerial grade staff as part of an 18-month staged salary deal worth a total increase of 11.9 per cent.

The plan is one of the biggest examples of the trend towards merit pay for white-collar employees.

Leaders of the Society of Telecom Executives, representing about 28,000 of the staff involved, have dropped their initial opposition to the scheme. They will recommend a special STE conference on December 1 to accept the deal.

BT said yesterday that the performance-related scheme would supplement, not replace, standard national pay negotiations and would "build on existing arrangements the sort of reasonable flexibilities that are already found in many other private and public organisations."

Earlier this year, BT agreed a staged two-year pay rise of 12.7 per cent for its engineers. The 18-month offer to managers and technical and professional grade staff would run from last July 1 and would change the settlement date to January 1.

There would be a rise of 4.75 per cent from last July 1, a further increase of 5.75 per cent next January 1 and a third rise of 1 per cent next April 1. On an annualised basis, BT says, the offer is worth just over 8 per cent.

Performance-related pay would come in next October, with annual supplementary increases thereafter according to four appraisal grades.

Fully acceptable performance would trigger a 5 per cent increment. Top-graded staff could achieve up to 10 per cent, with the further possibility of movement to discretionary high performance pay ranges at 8 per cent above the standard maximum.

The offer would raise the most common basic pay grade, running from £15,008 to £19,748, to a range of £16,791 to £22,094 - or to £23,862 for high-earners.

Bank of Wales' new chief

Mr Eric Crawford has been appointed group chief executive of the BANK OF WALES, *writes Anthony Moreton, Welsh Correspondent.*

Mr. Crawford joined the Midland Bank in 1950 and spent all his working life with it until he took early retirement last year following a management reorganisation. Mr Crawford was at that time general manager, group strategic planning, having previously been responsible for computer operations and worldwide marketing.

His previous connection with Wales arose as regional director in the North West of England before 1979, a role that then encompassed North Wales.

Mr Crawford, who is 55, succeeds **Mr Malcolm Thomas**, chief executive for the past eight years, who has reached retirement age.

The Bank of Wales is now controlled by the Bank of Scotland which has a 75 per cent holding in it.

*

WHATMAN REEVE ANGEL has appointed **Mr Hugh Perrott** as corporate development manager. He was director of corporate finance and planning at Celltech.

*

The council of FIMBRA (the Financial Intermediaries, Managers and Brokers Regulatory Association) has appointed as a member **Mr Simon Wethered**, a solicitor with experience of the law relating to insolvency.

*

Mr Bob Nelson has been appointed head of corporate management development at the BBC. He joins from a similar post at British Airways, from December 7. He succeeds **Mr Robert Rowland**, who will continue to deal with appointments for the time being, in particular the corporation's equal opportunites policy.

*

Mr Norman Bowie has joined the LONDON SMALL BUSINESS PROPERTY TRUST as a director of its management company.

*

A.H.GUEST, a member of Raine Industries, has appointed **Mr Charles Chatterley** its construction director and **Mr Derek Price** director of marketing. Mr Chatterley was general works manager and Mr Price marketing manager.

*

JOHNSON WAX has promoted **Mr Richard E Posey**, manager director of the British company, to regional director-consumer products for Latin America. Mr Posey, a vice president of the parent company, S.C. Johnson & Son Inc of Racine, Wisconsin, US, will begin his duties in January. He will be succeeded as managing director in Great Britain by **Mr John C. Molan**, director - consumer products in the British company.

*

Mr R.W. Brander has been elected as a non-executive main board director of FULMER. He is technical director of British Telecom's international products division.

*

Mr John West, chief executive of Reckitt & Colman, has joined the board of OCEAN TRANSPORT as a non-executive director.

*

GREAT LAKES REINSURANCE (UK) has appointed **Mr John W Lindsey** as chairman and managing director, **Dr Klaus Gerathewohl** and **Mr Ian P Emblin** as directors. **Mr Stuart Claydon** joins as general manager and **Mr Philipp J Ruperti** as assistant general manager.

*

Mr Chris Crossland has been appointed to the board of PRIVATE ACCESS STORAGE.

*

Mr Jeffrey P. Cooper has been appointed head of financial institutions group, global banking sector, MIDLAND BANK, with responsibilities for the commodities, securities, funds management and insurance industries. He was managing director, private placements at Chase Investment Bank.

*

SHANKS AND MCEWAN GROUP has appointed **Mr M.R. Hewitt** as group managing director. He has been on the board since 1985.

*

THE SECURITIES AND INVESTMENTS BOARD (SIB) has appointed **Mr Roger Purcell** as director of finance. He succeeds **Mr Stephen Carter** who has taken another post. He was director of finance and administration at County NatWest Securities and then became a consultant specialising in the unit trust and insurance sector.

*

Following the acquisition of Reed International's paint and DIY group by Williams Holdings, CROWN PAINTS has been designated the paint division of Williams Holdings, with **Mr Paul Lever** appointed as managing director, from January 1. The other board posts are: **Mr Brain Baker**, managing director - technical services; **Mr John Asher**, managing director - industrial paints and inks; **Mr Aidan Brophy**, managing director - overseas companies and export; **Mr Geoff Christiansen**, administration director; **Mr Ken Gill**, manufacturing and distribution director; **Mr Terry Hudson**, marketing director; **Mr Ron Hughes**, financial director; and **Mr Eric Thurston**, sales director - UK & Europe. Three directors are retiring in December: **Mr Tom Graham** - technical director; **Mr Peter Cocks** - commercial director; and **Mr Tom Gould** - company secretary. Mr Graham and Mr Cocks will be retained as consultants to complete projects in 1988.

*

Mr Joe Hockey has been appointed group chief accountant of the INTERNATIONAL CITY HOLDINGS GROUP.

*

Mr Iain Ferguson has been appointed technical director of BOCM SILCOCK in succession to **Mr Sam Thompson** who retires on November 30. Mr Ferguson was general manager of the international business group for which he continues to have overall responsibility. **Mr Colin Dunn** has been appointed general manager of the international business group while retaining his responsibilities as strategic planning manager.

*

Mr Roy Kington has been appointed managing director of Hawker Siddeley diesel company MIRRLEES BLACKSTONE (STAMFORD), following the retirement of **Mr Les Berry**.

*

THE ASSOCIATION OF CORPORATE TREASURERS has appointed its officers from January 1: **Mr Brian Addison Carte** becomes president; **Mr Norman Reginald Tribble** is appointed vice-president; **Mr John Vernon Harry Robbins** is made chairman of the Council and **Mr Robert Carlton-Porter** has been appointedvice chairman.

*

The marine hull broking activities of FRIZZELL BOLTON HICKS have been combined with Gibbs Hartley Cooper. **Mr Ian Harris** is appointed a director of the marine division.

*

Mr Ray Dunhill has been appointed a director of NORWEST HOLST SOIL ENGINEERING with responsibility for continous flight auger piling.

Changes at Unilever

Mr G.K.G. Stevens, UNILEVER'S regional director for North America, will retire at the annual meeting next May. At the meeting **Mr C.M. Jemmett**, regional controller of the Africa and Middle East management group, and **Dr J.L.W. Anderson**, chairman of Batchelors Foods, will be nominated as directors of Unilever N.V. and Unilever PLC. **Mr D.C. Buijs**, a joint secretary of Unilever N.V. and Unilver PLC, will resign at the meeting to take an outside post. He is to be succeeded by **Mr J.W.B. Westerburgen**, who will remain head of taxation department, Rotterdam.

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Babel over US budget

IF THE WORLD economy succeeds in escaping a serious recession before the end of the decade, it will probably owe more to luck than to judicious economic management in the United States or worthwhile cooperative effort on the part of the leading developed countries. That much is clear at the end of a week in which the world's markets twitched this way and that, as the American budgetary process moved tortuously towards a compromise.

The economic policy making process in the US is, at the best of times, ungainly: the nature of the constitution ensures that debates which take place behind closed doors elsewhere in the West are conducted noisily in public in Washington. This is a splendid advertisement for US democracy, but very unsettling for the world's markets, especially when the debate degenerates into a war of words. In the present instance the markets are having to cope with rather more than verbal warfare. From the moment world equity prices crashed in mid-October, economic Babel has reigned as politicians and economists have vied with each other to produce variegated and conflicting explanations of events.

Financial conservatives on Wall Street have argued that the budget deficit is the root cause of the trouble. Yet Mr Beryl Sprinkel, the monetarist-inclined Chairman of the Council of Economic Advisers, argued this week that the plunge in equity prices had been prompted by the fear that taxes in the US were about to rise. Curious, to say the least. Supply side economists such as Mr Paul Craig Roberts, an official in the US Treasury in the early Reagan days, argue that the budget deficit is far from high by the standards of other developed countries, yet seem blithely unconcerned about the US balance of payments crisis and the related problem of low domestic savings.

Robust economy

No two economists are able to agree at a given moment on the appropriate level for the dollar, and when politicians reaffirm their commitment to the Louvre Accord, the markets immediately suspect that Mr James Baker, US Treasury Secretary is about to start talking down the dollar in an attempt to stave off recession. Meanwhile, President Reagan has borrowed his lines from Lewis Carroll's bellman in the Hunting of the Snark: what I tell you three times is true, he says, and the market crash has nothing to do with my policies.

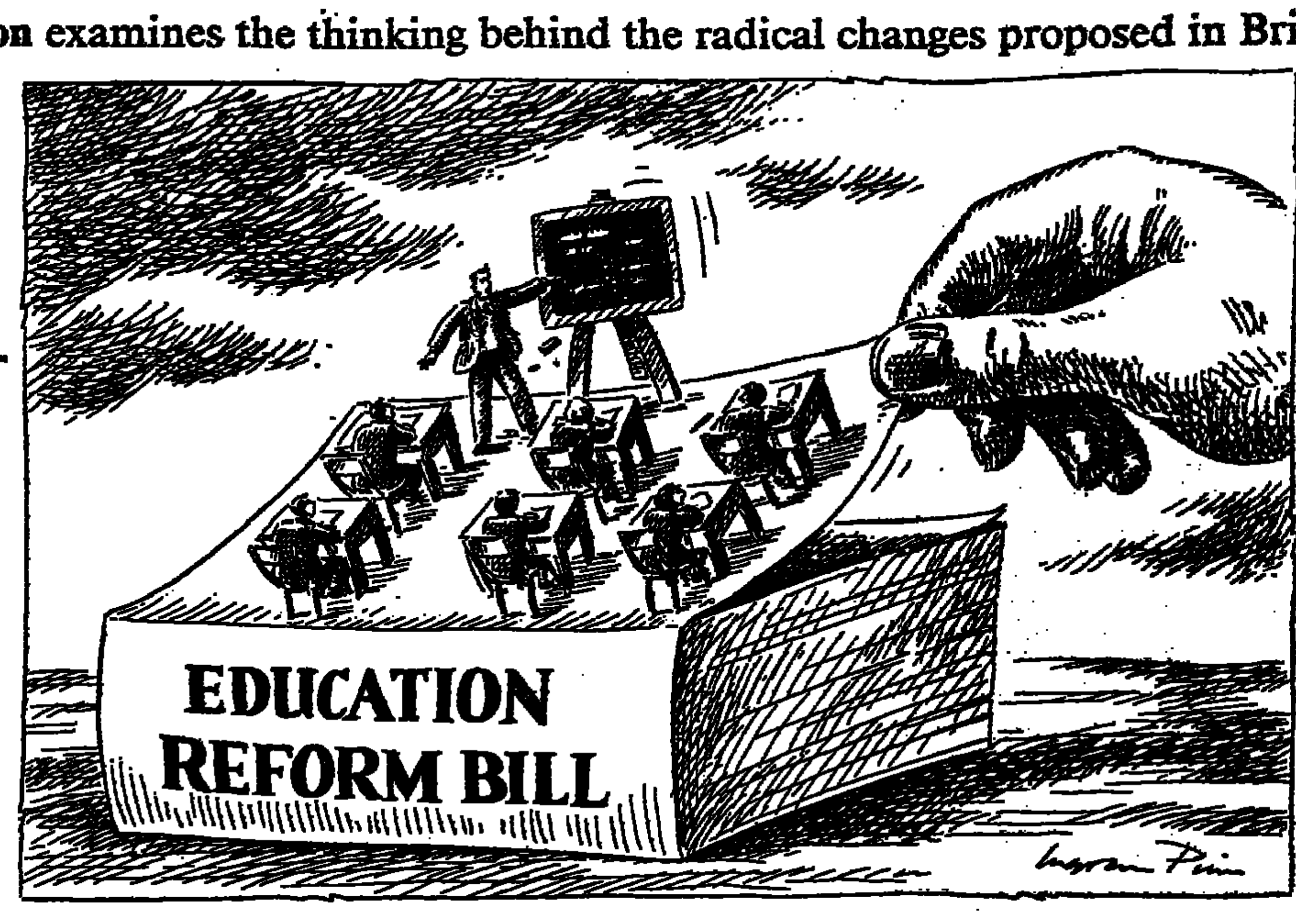
Small wonder that the market is twitchy. But there is one respect in which many otherwise blinkered politicians and economists are right and the markets are wrong. The budget deficit, though important, does not merit the obsessive attention the financial community devotes to it. Nor, indeed, is the American economy a lame duck. It remains a relatively robust economy, which has been badly financed and appallingly managed, particularly in the early years of Mr Reagan's presidency when the trade consequences of a prolonged overshoot of the dollar were completely ignored.

Domestic savings

When the history books come to be written, the timing of the market crash may well be seen as ironic, on the grounds that the adjustment process will turn out to have been well in train at the time. It is not simply that last year saw a massive $70bn reduction - admittedly much of it one-off due to the tax reform - in the US federal deficit. In volume terms the trade account has already improved sharply and the extent of the external deficit is almost certainly exaggerated by gross statistical inadequacies in the recording of the world's balance of payments. Outside the US, Japan is back on an upward tack, with the OECD this week projecting 3½ per cent growth in both 1987 and 1988. The laggard remains Europe, where West Germany has little appetite for either growth or economic cooperation with the Americans.

Moreover, the market crash itself has already done a great deal more to address the real problem, which is partly to do with the US inability to finance the budget deficit from its own paltry domestic savings. The decline in US stock prices could, on some estimates, force people to rebuild savings by $50bn or more a year, which will permit a far bigger improvement on the current account of the balance of payments next year than the scale of budget cuts now under consideration in Washington. By aiming for less than draconian cuts in the current fiscal year and seeking to phase the fall of the axe, the budget negotiators are erring on the right side economically, albeit for wholly political reasons. Given the contraction in US wealth after the crash, big cuts now would turn the threat of recession into reality. The trouble is that the markets attach symbolic importance to the deficit; whether they will see the anti-recessionary wisdom in a compromise that inflicts little more pain than the Gramm-Rudman automatic deficit reduction proposals remains to be seen.

Michael Dixon examines the thinking behind the radical changes proposed in British education



Wiping the slate clean

AT LAST the Government's much trumpeted grand educational design stands revealed. In legislative terms, at least, the Education Reform Bill is certainly an impressive edifice befitting its advance publicity as the "greatest educational measure since the Butler Act of 1944".

The 169 pages provide the framework for a bewildering variety of changes, some of which have been left for definition during the legislation's passage through Parliament. They range from the outlawing of bogus degrees to the specification of which educational services local authorities may require parents to pay for, and which they must furnish free of charge.

There is less certainty, however, as to what will result when the bill is completed. If its enthusiastic proponents are to be believed, its key effect will be to open the way for market forces to equip Britain with the solidly founded yet multi-purpose, multi-level educational structure the age of new technology requires.

A markedly different view is taken by the interest groups directly affected, such as teachers' unions and associations of local authorities whose territorial rights over education are scheduled to be curtailed. They, like members of the political Opposition, picture the finished structure as a prison which will curb the educational opportunities of children trapped in the state system because their families cannot afford private schooling.

The high probability, as always, is that the outcome will be some way in between those optimistic and pessimistic extremes. But quite where between is hard to tell from a loosely formulated bill envisaging such a complexity of provisions. Nor is predicting the result made easier by the fact that the legislation's approaches to the fundamental issue of schooling include both centralising and decentralising measures.

For example, at least three of the proposed changes offer some state-maintained schools more freedom to respond to the market. Those popular enough with parents to be oversubscribed with applications would be allowed to increase their intake of children up to their maximum physical capacity. Governing bodies of successful schools would be able, given the majority support of pupils' parents, to apply to opt out of local authority control and to run their institution more independently under direct funding from Whitehall. Most head-teachers and governing bodies would be given wider managerial powers, including greater choice of what to buy with their budget.

By contrast, restrictions would be imposed on the longstanding freedom of individual schools' heads and staffs to decide what they teach. All normally capable children aged from five to 16 would have to be taught a national curriculum taking up at least 70 per cent of total study time.

In England (there are differences of detail in Wales; Scotland and Northern Ireland are largely governed by separate legislation) the proposed compulsory subjects are English, mathematics, sciences, technology, history and geography, combinations of art, music, drama and design and physical education. A modern foreign language would also be obligatory in secondary schools and all would additionally have to provide religious study.

Children's progress would be assessed, probably by national tests taken at several ages - for example at 11, 14 and 16 and perhaps, in a limited form, at seven. Schools with records of consistent success in the tests could be permitted to give less time to the compulsory curriculum and more to optional subjects.

What makes the effect of the legislation still harder to forecast, of course, is that even the Government's powerful parliamentary majority does not guarantee that all of the proposals will become law. On the Conservatives' own backbenches there are enthusiasts for classics-teaching who might force a loosening of the curricular design. Moreover the bill's opponents, encouraged by remarks by Lord Whitelaw, are hoping that "One Nation" Tories in the Upper House will reject measures seen as divisive, especially the provision for some state schools to distinguish themselves from the majority by opting out of local authority control.

Fortunately, however, there will be less difficulty in judging to what extent the eventual changes are successful because the main objects of the legislation have been stated with fair clarity.

They were outlined initially in January 1984 by Lord (formerly Sir Keith) Joseph, then Secretary for Education and Science, who can claim to have chosen the ground for the new structure, even though its architect is his successor, Mr Kenneth Baker. For instance, Lord Joseph was the first Education Secretary to declare himself the champion of the large numbers of children with relatively little aptitude for the academic studies which dominate UK education. He also firmly directed British educators' attention to the better record of their counterparts in West Germany and elsewhere in teaching mathematics and other fundamentals to children of that kind.

The over-riding aim for the UK, he said, was to ensure that at least 80 and preferably 90 per cent of all 16-year-olds achieved the educational standards customarily reached by only half. "The curriculum needs to accord more than it does now with four principles: breadth, relevance, differentiation and balance."

It should be broad in developing personal qualities such as a disciplined attitude to society as well as skills in the full range of basic subjects, including technology, for which minimum measures of attainment should be prescribed. The curriculum needed to be "relevant to the real world and to the pupils' experience of it", and to cater for children of different types as well as levels of ability. Balance should be improved by revising what was taught so that each subject made its optimum contribution to the development of the pupil's full potential.

But the origin of the reform proposals and of the main force which has brought the bill into being lies farther back. It traces back to Mr Edward Heath's 1970 decision to hand the education portfolio to Mrs Margaret Thatcher - the only Education Secretary to have become Prime Minister.

"Genuine equality of opportunity there must be, but this does not mean that everything must be the same," she declared 17 years ago. "Indeed, the reverse can be argued. Children's needs and their potential differ. So must our response." In later speeches she made it plain that the response should include developing the practical in addition to the academic talents of the UK's young population, not only in schools but in higher educational institutions including universities.

Mrs Thatcher's term at the Education Department may also be at the root of the bill's proposals to place the allocation of taxpayers' money to universities, as well as to the newly self-standing polytechnics and other degree-awarding colleges, in the hands of new funding councils. Unlike the existing University Grants Committee and National Advisory Body covering the other types of institutions, the funding councils are expected to include significant representation from industry and commerce and to require individual universities and colleges to say what educational goods they intend to deliver in return for the public money they receive.

In one sense, therefore, the Prime Minister probably spoke truly 17 years back when she asserted that everything did not need to be "the same". If the bill becomes law, the structure of state education from top to bottom will be essentially different.

Even so, whether the replacement framework justifies the impending upheaval might well depend on a further factor about which the legislation does not as yet say very much. It is, oddly enough, a factor that Mrs Thatcher expressly mentioned in the same 1970 speech to the education chiefs of local authorities. "We must avoid becoming preoccupied with systems and structures to the detriment of the actual content of education," she said to a chorus of "hear, hear".

Although the national curriculum proposals have taken Government nearer than ever before to addressing the issue of educational content, they still stop short of the hub. Obliging all schools to teach subjects entitled English, mathematics and so on, and periodically assessing the results, will not guarantee that the particular material taught and assessed satisfies, for example, Lord Joseph's suggested requirement of relevance to the real world.

How far lessons of any sort are of value to pupils depends on what they know, understand and can do as a result. So much will turn on the detailed criteria for the national assessments still to be laid down by groups of educational specialists in the subject areas concerned. Their task leaves little room for error. If they fail to define the criteria closely enough, the teaching and testing could miss the mark. Too close a definition could prevent good teachers, in particular, from putting their individual talents to good use.

Many dispassionate observers of education are worried that the curriculum scheme, as it stands already, would have a similar straitjacketing effect. It is not beyond possibility that those worries are shared by Lord Joseph, even though his only comment on the legislation is that he is "intensely pleased the government is so determined to raise standards for children of all abilities and backgrounds." The need for a common "core curriculum" he spoke of while at the Education Department scarcely implies the stipulation of specific subjects occupying a minimum of 70 per cent of pupils' hours in class.

Another apparent gap between the aims expressed for the legislation and their fulfilment lies in the fact that only about 10 per cent of school time is expected to be focused on technology. That chimes oddly with Ministers' repeated statements that all pupils should be taught a range of practical as well as academic skills.

Moreover there is a risk that the competition-promoting spirit underlying the whole complex of proposals might give rise to problems at least as damaging as those the bill solved. An example is the potential effect on universities and polytechnics. In return for the imposition of more demanding conditions on their funding, the two types of institutions have been told that between them they can raise their student rolls over the next few years by taking in 50,000 more undergraduates than were allowed for in the Government's previous plans.

The concession is a distinctly mixed blessing because the increase is scheduled to coincide with a sharp drop in the number of British youngsters reaching the normal higher educational entry age of 18. Since the size of an institution's student roll powerfully influences its income, the importance of attracting an increased share of a decreasing supply of potential entrants is causing today's leaders of even the most august universities to put forward policies their predecessors would have condemned as improperly commercial if not downright cut-throat.

Oxford, for instance, is urgently considering a large-scale invasion of the market for undergraduate courses in management studies, a market hitherto the exclusive province of less purely academically esteemed establishments such as the University of Manchester Institute of Science and Technology (UMIST), and the Universities of Warwick and Bath. The reason for Oxford's proposed new departure is simply that management studies is one of the few degree subjects for which demand looks set to go on growing.

It may therefore be that enough rivalry is developing between higher educational institutions without the added pressure on them to bid against one another for money from the new funding machinery envisaged by the bill. The same could apply, although for different detailed causes, in the schools.

While it seems true that too little competition in the past has led UK education to fall short of its economic responsibilities, there is a danger that an excess of it would thrust the system too far the other way. If so, Britain would surely pay dearly for any gain in wealth-generating capacity by the loss of other attributes no less essential to a civilised as well as prosperous future.

Man in the News

Tom Foley

Fixer with the style of an academic

By Stewart Fleming

"TOM IS long-suffering and patient. I told him today he was too patient, but perhaps that was his strategy. You don't get them to move off the dime until they are on the brink."

As he clambered wearily into his car late on Thursday at the end of another gruelling day of budget negotiations, this was the judgment offered by Representative Bob Michel, the Republican minority leader of the House, on the performance of his opposite number, majority Leader Tom Foley, the man who had chaired the budget talks for 18 days.

That some of Washington's most powerful and wilful political leaders - men like Mr James Baker, the Treasury Secretary, Rep Trent Lott, the ambitious Republican conservative and Rep Dan Rostenkowski, the proud chairman of the influential House Ways and Means Committee - should have selected Tom Foley to preside testifies to the talents which they believe the 58-year-old judge's son could bring to the negotiations.

"He knows that with powerful individuals sitting round the table you can't go in and slap them around the head and force them to do something," says an associate who knows him well. "After more than 20 years on Capitol Hill, he understands what may motivate his colleagues and he understands that people come from different philosophical perspectives and don't often change strong views overnight."

Rep Foley, he adds, "never loses his temper, he's enormously patient and intelligent and carries around with him tremendous amounts of information and precedent which he can quickly recall."

A tall, heavily-built man, with large watery eyes, Rep Foley exudes not the restlessness of an influential political deal-maker, but the stillness of the academic.

As a visitor sits in the lobby of the majority leader's offices, submitting to an inquisitive sniff from Alice, the ageing family dog who wanders creakily around the reception area, it is easier to imagine that the occupant is a college professor than the second most powerful politician in the House after Mr Jim Wright, the Speaker, and a man who is sometimes mentioned in the press as the sort of able and experienced politician the Democrats should be looking at as a presidential candidate.

Many of his party colleagues see Mr Foley as a somewhat unusual politician. A conciliator and bridge-builder, as chairman of the House Agriculture Committee, he helped keep the committee's competing urban and rural interests from each other's throats.

His Democratic critics say he is too judicious and not partisan enough. His admirers say that, as part of what Mr Steve Smith, a political scientist at the University of Minnesota describes as the House's "radical middle," he is a necessary foil in the Democratic leadership to the sometimes impetuous and stubborn Mr Wright.

A less favourable background to the budget negotiations which he has guided is hard to imagine. Round the table sat the representatives of a President whose Administration is riven with bitter ideological rivalries and who sent, to lead the talks on his behalf, Mr Jim Baker and Mr Howard Baker, the White House Chief of Staff. Both are distrusted as compromisers by the right wing's "true believers."

Their breif was to make a deal with enough spending cuts to enable President Reagan to swallow his pride and accept a tax increase after swearing in public that taxes would be raised "over my dead body."

A no less divided Republican Party, many of whose members are as reluctant to compromise on taxes as the President, occupied seven of the other seats, facing representatives of a Democratic Party which believes that the time for compromising with Ronald Reagan is over.

With a presidential election next year, many Democrats believe that a recession could provide their party with a passport to the White House. It is no wonder that Republican political analysts have been speculating that some Democrats - Mr Wright's name is high on their list - would not be unhappy to see the budget talks break down. This view sees the Democrats calculating that the resulting shocks in the financial markets would help them realise their dream as well as wreaking just retribution on Mr Reagan. Such speculation testfies to the ugly mood of distrust and suspicion surrounding the budget.

As he walked down the White House driveway last month on the day the President agreed to participate in the talks, Mr Foley insisted that it was not so much the figures for cutting the budget deficit which were important as the symbolism of an agreement - the demonstration that the US Government could begin to address the budget challenge.

After all, he has asked, if you put Mrs Margaret Thatcher, the British Prime MInister and Mr Neil Kinnock, the Leader of the Opposition, in a room for three or four weeks, could you get them to agree on the right mix of taxes and spending?

In Washington, the difficulty of making such political decisions is far greater. For after the party leaders have agreed, a rank and file not bound by strict discipline but jealous of its independence has to be persuaded to vote to implement any accord.

People who know Tom Foley well say it is characteristic that he should think in terms of a British parallel. Elected from the congressional district centred on Spokane, in eastern Washington state, Mr Foley is an internationalist, an anglophile and a member of London's Reform Club. A protege of Senator Henry "Scoop" Jackson, he shares the fascination with foreign affairs, particularly US-Soviet relations, which Senator Jackson inspired in many who worked with him.

Although he is not a member of the House Foreign Affairs Committee, he is chairman of the House Geneva Observers Committee, which with an equivalent Senate group, monitors arms control negotiations on behalf of Congress. He is conscious of the importance which America's allies attach to the deficit talks as a demonstration of US capacity to lead, and of the difficulty the allies - and the financial markets - have in understanding the process by which Washington's spending and taxing decisions are made.

He must be acutely aware, too, that as the weeks of budget talks dragged on, the momentum which the stock market crash imparted to them faded. As a majority leader with credibility on both sides of the aisle, an agreement would test his patience further in the weeks ahead in the struggle to persuade the House to vote for a proposal which many are saying is not worth the sacrifice of their political principles.

A clash of style

Raymond Snoddy on the new Chief Executive at Channel 4

"IT IS THE death of Channel 4 in its present form and the birth of Channel Grade," said a senior British television executive.

The broadcaster commenting on this week's controversial appointment of Mr Michael Grade as the next Chief Executive of Britain's Channel 4, was Brian Wenham, one of the unsuccessful applicants for the job. But Mr Wenham, a former director of programmes at BBC Television, knows his man. It was he who was dispatched to Los Angeles in 1983 to talk to Mr Grade after Melvyn Bragg, author and television presenter, had told the BBC that Grade was unhappy as President of Embassy Television and wanted to return to work in Britain.

The rest is history. Granada screened The Jewel in the Crown to universal critical acclaim and a modest audience at the same time as the BBC showed The Thorn Birds to enormous audiences and widespread condemnation. The BBC's discomfiture led it to offer the BBC 1 Controllership to Michael Grade, whose clever exploitation of populist programmes already in the pipeline, such as EastEnders and Wogan, increased the BBC's ratings and caused ITV great embarrassment.

There were also real achievements such as his instinctive backing for Bob Geldof's Band Aid concert which did more than anything to focus attention on the famine in Africa.

As the rising crescendo of clicking camera shutters threatened to drown his words at last Tuesday's press conference, Michael Grade tried to distance himself from his populist past.

"I am not coming to Channel 4 in any way, shape or form to change it. We have to develop. All television has to develop. It would not be my intention - it would be foolish - to try to make Channel 4 similar to any other channel," said Mr Grade, with obvious sincerity.

Unfortunately it is not as simple as that. *Because of who he is* and where he has come from, the appointment of Lord Lew Grade's nephew will inevitably change the perception of Britain's fourth channel. He will also have an unusual degree of autonomy, because Sir Richard Attenborough, Chairman of Channel 4, will be out of Britain for long periods over the next few years due to film commitments.

The contrast between Mr Grade and his predecessor, *Jeremy Isaacs, founding father of* Channel 4, was spelled out with great clarity by Mr Isaacs last Wednesday.

He fulfilled a long-standing engagement to speak at the annual conference of the Marketing Society in London and talked about how Channel 4 took its shape. "Five years ago nobody knew what we stood for except me and my closest colleagues. I knew what we stood for; it was in my head," said the man who wept this week when his successor was appointed. He has now graciously accepted what he tried to prevent.

He went on to explain the Isaacs manifesto. "We did not want anyone to watch us all of the time. We wanted people to dip in and dip out. Other schedulers might dream of viewers who switched on and stayed tuned to one channel throughout the evening, kept there by loyalty, or by one attractive programme succeeding another," he said.

"We did not want to cater for the mass preferences of tens of millions. Others did that." He might have added, though he did *not, that Michael Grade was one* of those "others". Perhaps Grade's greatest skill is that of the show business agent he once was - knowing what to put at the top of the bill at the Palladium.

The programming reality of Jeremy Isaacs' vision, which has attracted about 8 per cent of the total television audience, includes an hour-long news programme every evening, Film on Four, Brookside, the twice-weekly soap opera broadcast from a real Liverpool housing estate, American football and a better class of American repeats.

"To have a minority interest channel as Parliament required us to do and to have it actually funded by advertising, even indirectly, has become the envy of the world," said Ms Sue Stoessl, head of marketing at Channel 4.

Switzerland, Canada, Denmark, Hungary, Mexico and Peru are just some of the countries that have sent ministerial-level delegations to Channel 4 to see whether the model - of commissioning programmes rather than making them in-house, one which has almost single-handedly created an independent production industry - can be replicated elsewhere.

One of the most telling symbols of Channel 4's programming strategy was the screening earlier this year of more than nine hours of Shoah, Claude Lanzmann's study of the Holocaust, on consecutive evenings - a programme that attracted 1.7m on the first evening. The programme was shown without advertising, a decision which would have been much more difficult without assured finance.

At the moment Channel 4 is a subsidiary of the Independent Broadcasting Authority and both it and the Welsh Fourth Channel are funded by a subscription from the ITV companies amounting to 17 per cent of ITV's net advertising revenue. In turn the ITV companies sell Channel 4's airtime and keep the proceeds.

Last year Channel 4 received £135m from the ITV companies which received an estimated £155m from the sale of the Channel's airtime, although these figures do not take into account the investment costs of setting up the channel.

Channel 4's future, and whether it should have the right either to be privatised or to sell its own airtime as recommended by the Peacock Committee on the future of British broadcasting, is the sub-plot to Mr Grade's appointment.

Cynics in the commercial television industry suggest that Mr Grade may have had at least informal discussions with Lord Young, Trade and Industry Secretary, on the possible privatisation of Channel 4, although there is no evidence that this is true.

In fact there are signs that the Government is rapidly backing away from its flirtation with privatisation, with Lord Whitelaw, the Leader of the House of Lords, protecting the channel to which he gave legislative birth as Home Secretary.

And anyway Mr Grade has had to give the firmest undertakings that he accepts the board position on separation - that the status quo should continue for five years unless the Government decides otherwise - and that the existing programme remit will continue to run.

The biggest winners in all this are the ITV companies. With one swoop their greatest irritant at the BBC - the only man there whose scheduling instincts they truly fear - has been removed, and a Chief Executive installed who is already talking about ways of introducing greater complementarity between ITV and Channel 4 schedules.

To achieve this he will need the agreement of the powerful ITV programme planning committee but Mr Richard Dunn, Managing Director of Thames Television, the largest ITV company, believes a more competitive ITV and Channel 4 system could emerge.

Whether Michael Grade, the man with the red braces and a near-endless supply of one-liners can pick up and respect the mantle of Jeremy Isaacs will not be seen until late next year when programmes he has commissioned hit the screen.

What is not in doubt is that, from January 1, the man who once arrived in a Rolls-Royce as a trainee sports reporter on the Daily Mirror is facing the greatest challenge of his life.

Michael Grade, above; and top, his predecessor, Jeremy Isaacs.

Insider goes inside, but laws remain unclear

James Buchan on the latest Supreme Court ruling

MR RUDOLPH GIULIANI, the *US Attorney in New York*, has a well polished reputation as the scourge of top Mafia men, corrupt city officials and Wall Street fraudsters: he has been a power behind the drive against insider dealers, seen in its most spectacular *form* with the arrest exactly a year ago of Mr Ivan Boesky.

Yet the whole campaign against insiders has been held up, at least until this week, by a most improbable figure. Mr J. Foster Winans is no Wall Street titan. His crime *was to supplement his modest* income as a reporter on the Wall Street Journal by a short lived and highly insecure scheme to trade the stocks of companies mentioned in the paper's "Heard on the Street Column". Total profits from the scheme came to just $31,000 (£17,465).

But the nature of his conviction and that of his two associates, which was fought all the way up to the Supreme Court, was crucially important to Mr Giuliani and the securities industry watchdogs at the Securities and Exchange Commission in Washington. For it was on the highly controversial legal theories used to prosecute Mr Winans that the case against very much more prominent dealers has been built.

Against most expectations, the Supreme Court this week handed down findings broadly in favour of the prosecution. Mr Winans is on his way to jail, while Mr Giuliani and the SEC are in a state of high jubilation. According to the New York attorney, the *decision* "provides a secure road map for us."

But just how secure is already the subject of fierce debate among the tight-knit group of highly paid lawyers who are defending suspects in the two big Wall Street investigations that have been dragging on for most of this year. They accept that the Government agents have scored a victory but say that insider trading laws remain unclear - and that a case could still blow up in the prosecution's face.

Mr Winan's case has come to personify the deep differences of opinion in the US about what constitutes the crime of insider dealing. In the UK, where it only became a criminal offence in 1980, the definition is clear: an insider must be directly connected in a defined manner with the company in which the shares were traded. The Winans case stretches the concept much further and, for Mr Giuliani, it represents the future of insider trading prosecutions in the US.

***The Government's spectacular* successes of the past two years were all achieved out of court. Mr Boesky, Dennis Levine and Martin Siegel succumbed to interrogation, but without the threat of the kind of conviction now confirmed *in the Winans case they* would never have succumbed to the intense pressure from the SEC and the criminal prosecutors.**

Though the term "insider-trading" is widely understood to mean trading or helping *others* trade in securities on the basis of market-sensitive information not available publicly, this is not expressly forbidden in federal law. The words insider or insider trading appear nowhere in the SEC's key rule 10b-5, which says that it is "unlawful for any person to employ any device, scheme or artifice to defraud or to engage in any act, practice or course of business which operates as a fraud or deceit upon any person in connection with the purchase or sale of any security."

***The courts have had no* trouble applying liability to corporate executives and company directors with immediate responsibility to stockholders. But since the early 1980s, the SEC has sought to spread its net wider - and it has run into trouble.**

In two cases, one involving a financial printer who traded on glimpses of tender offer documents and the other involving a stockbroker, the Supreme Court rebuffed the SEC. The court's argument, put baldly, is that neither man had any fiduciary duty to the companies whose stock he traded in.

With great ingenuity, the SEC came back with a new legal doctrine. Backed by the authority of former Chief Justice Warren Burger, who made a dissenting opinion in the case of the financial printer, the SEC pushed the theory that somebody other than a corporate insider could be liable under the law for "misappropriating" or stealing non-public information for trading purposes. For example, Mr Winans misappropriated information belonging to the Wall Street Journal in his trading scheme.

The conviction of Mr Winans laid the groundwork for a brilliant series of prosecutions of "outsiders" under the misappropriation theory. Mr *Levine and Mr Siegel were* investment bankers. Mr Boesky was an independent trader in takeover stocks, or arbitrageur. Seven other lawyers, bankers or brokers pleaded guilty to insider trading.

The misappropriation theory also provides the basis for two current investigations. In February of this year, the SEC and Mr Giuliani reached into the very heart of Wall Street to arrest Mr Robert Freeman, the partner in charge of arbitrage at the blue-chip firm of Goldman Sachs. Two arbitrageurs at Kidder Peabody, Mr Richard Wigton and Mr Timothy Tabor, were arrested with him on charges of taking part in an insider-trading scheme.

In the second investigation, of Drexel Burnham Lambert and its junk-bond operation, misappropriation plays a smaller role.

Monday's Supreme Court ruling did not, in fact, endorse the misappropriation theory. The court upheld the three convictions under securities law, but *only on a tie* which is resolved by reverting to the lower court judgement. It upheld unanimously, 8-0, the group's conviction under the statutes that forbid the transmission of stolen property (in this case, the Journal's *proprietary* information) through the mails or down telephone wires.

Some lawyers find this perverse. "It is somewhat ironic that the misappropriation theory that underlay both the mail and wire fraud conviction and the securities fraud conviction should be upheld in only one case," said Mr Harvey Pitt, a Washington lawyer who is acting for Mr Boesky and is regarded as a leading expert on insider trading.

Lawyers defending the accused say that they will have a strong incentive to go on contesting the misappropriation theory, if necessary as far as the Supreme Court again.

***Despite obvious misgivings* within the five-man commission, the SEC on Thursday formally dropped its objections to a clarification of the insider trading law by presenting its own definition of the crime to Congress. Congress is expected now to move quickly to fashion a law out of the host that have been presented. "It's kind of like a clarion call for new legislation," Mr Pitt says of the Supreme Court decision. "The ruling should serve as a sobering reflection that a plain-language statute is needed."**

Whether cases will be pursued with such vigour in future is another matter. Insider trading is hard to prove at the best of times and Mr Giuliani has still to seek an indictment against the arbitrageurs at Kidder Peabody and Goldman Sachs, nine months after their arrest. The case against Drexel Burnham appears embarrassingly humdrum.

Lawyers doubt that the commission will ever again press a case so far from the traditional notion of insider trading. "It's unlikely we'll see another Winans," said one.

Letters to the Editor

Terrorism used and abused

Mr Dag Wilkinson.

Sir, Joe Rogaly is, I am afraid, an apologist for terrorism. His *column (November 12)* on Prime Minister Thatcher's description of the African National Congress as a terrorist organisation makes an unfortunate and increasingly common, dangerous mistake. He looks for justifications for terrorist activity, and finds them. Simply put, he argues that the lack of easy alternative methods justifies the terrorists' methods. In the case of the ANC, he finds a justification for supermarket bombings in the fact that the ANC cannot pursue its policies through the ballot box and that it is fighting a militarily strong enemy. In his words, "blacks have to try".

Mr Rogaly makes false analogies to the Contras in Nicaragua and the Mujaheddin in Afghanistan. He admits that neither of these groups has resorted to terrorism but nevertheless somehow takes refuge in the fact that "their use of arms...would be accepted by Downing Street as a means of standing up to tyranny." The question is not whether the use of arms is acceptable or not. The question is whether or not terrorism is acceptable, and the answer is "no", whether it be in aid of Israeli independence, Catholic rights in Northern Ireland or voting rights for blacks in South Africa.

Mr Rogaly is obviously seeking to register his opposition to Mrs Thatcher's policies for dealing with the South African government. Particularly in the week following Enniskillen, he should do so without making terrorism more respectable in the process.

Dag Wilkinson,
Foster & Wilkinson,
Suite 1104,
1800 K Street NW,
Washington DC, 20006.

From Mr Christopher Martin.

Sir, Terrorism is a word much misused. It has become burdened with pejorative overtones, with people anxious to draw impossible distinctions between terrorists (bad) and freedom fighters (good).

Joe Rogaly (November 12) has unfortunately added to the confusion. He has honourable motives - to justify rejecting the Prime Minister's condemnation of the ANC as terrorist. However, these lead him into a tortuous line of reasoning: he tries to defend the ANC as non-terrorist on the grounds that they cannot pursue their policies through the ballot box.

If the ANC, or anyone else, are terrorists, this is because of what they do, not because of why they do it. Terrorism is, quite simply, the use of terror for a particular end; which terror is normally caused by death and violence (threatened or actual).

Whether such use of terror is justified - which is, I think, both Joe Rogaly's and the Prime Minister's main concern - is another matter. To condemn a terrorist act as unjustified is distinct from identifying that act as terrorist in the first place. In the case of the ANC's use of terror, there are strong grounds for refusing to *condemn it, but no grounds at all* for refusing to label it as terrorism.

Christopher Martin,
22 Lambolle Place, NW3

Root causes of Namibian poverty

From Mr Peter Wiles.

Sir, It is disappointing that your article of November 4, while describing Namibia as a "South African-run territory", failed adequately to describe the true nature of the "Namibian government".

As I am sure you are aware, the "Transitional Government of National Unity" in Namibia is an unelected grouping of minority parties which is in no sense representative of the territory's people. The TGNU was appointed by South Africa in June 1985, Namibia remains a colony of South Africa, it remains under brutal military occupation by the South African Defence Force, and Namibians are still unable to participate in the "free and fair" *elections called for* in the long-standing UN Plan for independence.

Along with other British voluntary agencies, Oxfam has been calling for the international community to take urgent steps to implement the UN Plan so that the root causes of poverty *in* Namibia can be addressed. Until all Namibians enjoy basic democratic rights so that they may shape their own country's affairs, we can expect the "government" in Windhoek to reject the Thirion Committee's proposals and any other move which would adversely affect South African companies' exploitative operations in the territory.

In our judgement the value of your important report would have been greatly enhanced by a clearer explanation of the politics behind the facts.

Peter Wiles,
Oxfam
274 Banbury Road, Oxford

Frustrations of food aid for Africa

From Mr F. L. Copperman

Sir, Maybe the following facts will help to put your report on the Ethiopian situation ("Band aid that failed to stop the bleeding," November 7) in perspective.

1) Prior to the big aid campaign, when people in the know realised there were serious problems, food brought in from the *US* was transhipped in harbour, onto Soviet ships which had delivered arms.

2) I have reliable witness reports of Soviet planes leaving with food as late as January 1985.

3) In the midst of the famine, *the Ethiopian government spent* as much as $100m celebrating some revolutionary anniversary, with the whole of Africa taking part (Addis Ababa is the headquarters of the Organisation of African Unity).

4) For this occasion planeloads *of whisky were flown from the* UK to Addis Ababa, during the worst of the crisis.

5) Ships were prevented from discharging food destined for rebel areas - if anything, worse affected.

6) Government measures cannot produce food. The application of communist ideology to agriculture failed in Russia, and is disastrous in Africa.

I regret that both our pity and our money will be wasted, due to the interference of extremist ideology.

F. L. Copperman,
34 Wood Dale,
Great Baddow,
Chelmsford, Essex

Privatisation and nuclear power

From the Chairman, South of Scotland Electricity Board

Sir, A misreading of my speech *to the world electricity conference* on Tuesday November 17 has led to a significant misquotation in your report of the speech. I am attributed with having said that there would be a less satisfactory situation with regard to nuclear safety if privatisation were to involve a significant increase in the number of nuclear stations operating in the UK. What I actually said was that safety would be less satisfactory if there were a significant increase in the number of nuclear power station operators - that is, companies operating nuclear power stations.

In other words, it would be better from a safety point of view to have a minimum number of nuclear licensee companies to make it easier for uniformly high standards to be maintained.

Donald Miller,
South of Scotland Electricity Board,
Cathcart House
Spean Street, Glasgow

All change for rush hour chaos

From Mr B.L. Baboulene.

Sir, It is facile for John Brennan (Weekend FT, November 14) to say "It can be quicker to travel into central London from St Albans, Stevenage or Hemel Hempstead than from, say, Wimbledon, at least during rush hour." This overlooks some important considerations.

The former travellers, with the few exceptions who happen to work close to the mainline terminus, have to change onto London Transport (for the extra mile or whatever), on which travellers from places such as Wimbledon are already - and have been from the outset. It is this all-change which makes the rush hour such a chaotic penance, and drives people to private transport.

The solution - drastic indeed, but it would make a drastic improvement - is to join up the main lines, North-South and East-West and move the termini (which they would cease to be for commuters) out to the M25 area.

Bernard Baboulene,
10 Richmond Avenue, SW20

A light to lighten the darkness of the black economy

From Mr Mike Shields.

Sir, Your article on tax reform (November 12) leads me to wonder yet again why some enterprising Chancellor does not introduce an allowance against income tax for payments made *to small businesses or the* self-employed.

Payments made for such services as decorating or gardening usually come out of money that has already been taxed, and the contractor - if he is honest - then has to pay tax on it again. Of course, this has the effect of making many such transactions go unrecorded, and in cash. The size of this so-called "black economy" is necessarily unknown, but some alarmingly high estimates have been made.

If these payments became tax-allowable, many people would refuse to pay cash and ask for receipts. Contractors would have to become "registered small firms", employing not more than a given number of people, and so become taxable themselves. Since the tax allowance would merely be passed on, there should be no loss to the Exchequer - perhaps even a gain, if estimates of the numbers claiming unemployment benefit while earning from black-economy jobs are to be believed.

A "Personal Services Allowance", *therefore, would have the* unique property of being an allowance with zero net cost. It could not fail to bring unemployment figures down, perhaps dramatically. And it should go a long way to bringing at least a part of the black economy in out of the dark.

Mike Shields,
ORBIS,
199 The Long Shoot,
Nuneaton, Warwickshire

Cambridge shares fall with profits

BY PHILIP COGGAN

SHARES in **Cambridge Instrument**, scientific and optical instrument manufacturer, fell by more than 20 per cent yesterday after the company announced a fall in operating profits and a £3.7m extraordinary debit, largely reflecting the discontinuance of the shaped electron beam lithography system.

The news caused the company's broker, Kleinwort Grieveson, to cut its profits forecast for the full year from £10.8m to £8.5m and the shares closed down 18p at 70p.

Pre-tax profits for the six months to January 30 were slightly higher at £2.77m (£2.61m) but that was due to the interest benefits derived from the company's stock market flotation in April. Thanks to a lower tax charge, earnings per share were 21 per cent higher at 2.46p (2.04p).

The disappointing operating profits largely reflected problems in the semiconductor equipment manufacturing business where orders were deferred. The company was forced to scale down its operations causing 75 redundancies last month at its Cambridge plant.

Analysts were estimating that the semiconductor business lost £1.4m in the first half. When the company was floated, it was unable to break down the profits attributable to the semiconductor operations.

The shaped electron beam lithography project, based on technology acquired from the French company, Thomson, experienced serious difficulties and the company now felt that the costs and risks associated with the programme were no longer justified. It was now negotiating the termination of the contract and has made an extraordinary provision to reflect the expected costs.

The industrial products division also experienced difficulties, making only a marginal profit. But the problems were mainly caused by the Elliot Relay business which has since been sold for £810,000.

Profits were higher in the optical products division, which mainly consists of Reichert Jung, the business which Cambridge acquired from Warner Lambert in 1986. Although sales were flat, cost savings achieved through rationalisation at the Buffalo, New York plant helped increase margins.

Since the end of the half, Cambridge has acquired the optical systems division of Bausch & Lomb for $37m (£20.7m). That, according to Dr Terence Gooding, gave the company a dominant share of the US optical equipment market. However, the company would be merging Bausch's Rochester plant with the Buffalo operation and the rationalisation costs would delay the benefit to profits for up to two years.

Dr Gooding emphasised yesterday that the acquisitions meant that in future semiconductors would represent a very small part - less than 10 per cent - of turnover. On pro-forma figures, optical instuments now represented about half of sales.

Turnover was 8 per cent lower at £51.5m (£56.1m). The interim dividend is being increased to 0.22p (0.2p).

See Lex

Sedgwick profits 18% lower at 9-months

BY ERIC SHORT

Sedgwick Group, Britain's biggest quoted insurance broker, reported pre-tax profits down 17.7 per cent at the nine month stage this year at £93.2m against £113.2m

The result was was at the lower end of market expectations and the shares shed 3p to 184p.

A lower rate tax charge resulted in earnings falling about 12 per cent from £69.4m to £61.3m. However earnings per share declined by a quarter from 18.7p to 14.4p.

The result reflected the continuing decline in operating profits seen at the half-way stage.

Like other insurance broking operations, the group has been hit by falling rating levels, particularly in the US. It is particularly vulnerable to rate reductions in property and commercial package business.

Sedgwick has also been affected by lower levels of activity in the oil and energy industries, while its reinsurance operations continue to be affected by shortages in committed capacity, particularly in casualty lines.

The statement claims that the group is gaining new business in difficult trading conditions. Expenses are being closely controlled without affecting the range and quality of service to clients, though the group does not provide such a breakdown in its nine month figures.

Currency movements had little impact on the figures - some £2m. The effect of the weak dollar can be expected to impinge on the final quarter figures - a quarter that is normally quiet.

The market is looking for pre-tax profits of about £104m for the full year a drop of one third on 1986. The group has given strong indications of maintaining the net dividend of 12p, though it will be barely covered.

The problems besetting the group and international insurancebroking generally are likely to worsen next year,

Guinness plans to buy back shares

BY CLIVE WOLMAN

Guinness, brewing and distilling company, plans to buy back up to 10 per cent of its ordinary shares. It believes its shares have become seriously undervalued by the stock market.

Approval is being sought at an extraordinary general meeting on December 16. Most repurchases are likely to follow in the subsequent four weeks before such transactions become restricted as the date for the announcement of the company's annual results approaches.

Guinness will be able to buy back shares up to a maximum price of 105 per cent of the average of the middle market price quotations for the shares in the ten business days preceding the purchase.

Mr Michael Julien, finance director, said that the move had been considered for several months, even when the price was as high as 370p to 380p. It became a matter of urgency following the stock market crash as a result of which the price fell as low as 227p.

"This is not a highly capital intensive business," Mr Julien said. "We can see cash coming out of it and this is the best way of using the money to increase earnings per share."

He said that the company had no need of the cash to finance any major investment or expansionary moves. "We have got our heads down now."

Companies were empowered to buy back their own shares for the first time in 1981 and only a few dozen have so far done so, the best known being GEC and J. Rothschild Holdings.

The decision to buy back the shares was made before Wednesday's announcement that Guinness was seeking judicial review against a Takeover Panel decision which might require it to pay substantial sums of compensation to the shareholders of Distillers who accepted its offer for the company 18 months ago.

Mr Julien said that the decision, even if upheld, would not have a material effect on the finances of the company.

Guinness's share price yesterday rose 5p to 236p.

Chrysalis disappoints with rise to £7.26m

By Fiona Thompson

Chrysalis Group, entertainment and leisure services group, reported pre-tax profits of £7.26m for the year to June 30, 1987, up from last year's £5.31m. This included an exceptional contribution of £1.06m from a property disposal, however, leaving the stripped pre-tax figure at £6.2m.

This was well below the £8m analysts had been predicting as recently as last week, before James Capel, company broker, this week downgraded its profits forecast to £6m.

Mr Chris Wright, chairman, said yesterday that he was a little disappointed with the results. The problem had been mainly in the US, where an album by top recording artist Billy Idol had not been properly promoted.

In addition, the first half had received a strong boost due to the sale of Kingsmead Hotels, which resulted in an extraordinary credit of £7.11m after taxation.

Turnover rose to £105.77m from £82.87m last year, the recording division contributing the bulk of sales at £66.28m and profits of £3.89m. The tax charge was £2.39m, compared with £2.09m last year. Earnings per share rose to 17.08p from 12.10p and the board recommended a final dividend of 5p (3.6p), making 7p for the year.

● comment

If you have two big name artists which don't come up to expectations, you will suffer, and Chrysalis has. In addition to the problems over Billy Idol's Whiplash Smile album, Huey Lewis's latest has not sold as well as hoped. In fact, had it not been for the £1m contribution from the computerised video star Max Headroom and the strong performance of Lasgo, the record wholesale export business, record earnings would have been lower than last year. Analysts were disturbed that the company had left it until this week - 4½ months after the year end - to announce that profits would not be so good and the shares dropped 8p yesterday to close at 135p. The US company is now trading well and the roster of artists is getting bigger and better, but pre-tax profit forecasts for this year have been lowered to between £7m and £8m, producing a prospective p/e of 7.

TSB/Hill Samuel

TSB Group has declared its offer for Hill Samuel wholly unconditional. It controls, owns, or has received acceptances from holders of 91.5 per cent of the shares. The offer will remain open until further notice.

Mountleigh achieves a £26m reduction on Spanish purchase

BY RICHARD TOMKINS

Mountleigh, the acquisitive property group headed by Mr Tony Clegg, yesterday revealed that it had succeeded in lopping £26m off the price it will pay for Galerias Preciados, Spain's second biggest department store group.

Last month it announced that it had conditionally agreed to buy the chain for £153.4m in cash. But now it has renegotiated the deal in a way that leaves the vendors - Organizacion Diego Cisneros, a multi-national industrial group - with a mixture of cash and Mountleigh shares.

Cisneros has received £10m on deposit and will receive a further £62.5m on completion. But it will immediately have to exchange £50m of this cash sum for 16.7m new Mountleigh shares at 300p a share - more than double the company's closing price of 143p yesterday. This effectively takes £26m off the value of the consideration.

The balance of the £153.4m will still be paid in cash, but the date of settlement has been deferred from 1988 to 1989.

Mr Clegg said yesterday: "Mountleigh's share price halved as a result of the stock market crash and they had to take some cognisance of that."

Mountleigh also announced yesterday that it had snapped up Coroco, a private Dutch property development company, for an initial £7.5m in cash, of which £3m will be absorbed in subscribing for new ordinary shares in Mountleigh.

Coroco comprises two property development companies operating in Rotterdam and other parts of the Netherlands. It has net assets of £9m and a property portfolio valued at £22.8m.

Cullen's loss rises to £2.6m

Cullen's, the troubled grocery store operator, yesterday reported a sharp increase in pre-tax losses from £883,000 to £2.6m for the six months to August and warned that recovery would be a long-term proposition.

The shares, which had tumbled from 100p at the beginning of the month in the expectation of a poor result, were unchanged at 65p.

A total of 11 stores were closed during the period, leaving the group with 51 newly-converted convenience stores and five of the older grocery shops.

Turnover was up from £9.9m to £11.3m but the trading loss on the continuing operations grew from £918,000 to £1.5m.

Mr Matthews said the entire management team had now been replaced and the appointment of Mr Mike Trusler, who has long experience in the convenience stores business, was already showing results.

He remained confident about the future of the business but warned against expecting any sudden return to profit.

"Our strategy is now to consolidate the business, reduce overheads and deliver the profit from existing stores. We believe this approach will lead to reducing losses and the achievement of a positive cashflow, providing a secure basis for the profitable development of the company in the longer term."

Lookers in £9m expansion

BY CLAY HARRIS

Lookers, Manchester-based motor dealer, is to extend its growing network into north-east England with the purchase of the Martins group for £8.83m in cash and shares.

Lookers also estimated that its pre-tax profits for the year to September 30 would reach £4m, compared with £2.8m in the previous year.

Martins, based in Stockton-on-Tees, operates 15 motor vehicle dealerships, including franchises for Ford, Volkswagen-Audi, General Motors, Rover, Fiat, Renault and Mazda.

Pre-tax profits of £950,000 for the year to September 30 are estimated by Martins directors. In 1985-86, it achieved £671,000 pre-tax on turnover of £84.5m.

The consideration is £5.83m cash and 1m shares valued at 300p each, compared with yesterday's market price of 253p. The vendors will own 10.4 per cent of the enlarged group.

The acquisition will provide new business opportunities for Woodchester Investments, Irish-based leasing company which is to maintain its 29.8 per cent stake in Lookers by subscribing £1.27m for new shares.

Billingsgate talks terminated

BY HEATHER FARMBROUGH

Billingsgate City Securities, the property company, has announced the termination of talks which might have led to an offer for its preference shares. An agreement had been expected to precipitate a full bid

The interested parties failed to agree terms with Billingsgate, but "uncertainty over the institutional property market caused by Black Monday may have put the kybosh on it," said Mr Patrick Heininger, a director of Baring Brothers, an advisor to Billingsgate. Both overseas and domestic buyers were interested, he said.

The board will apply to the Stock Exchange for a listing under revised regulations governing single asset property schemes. It is hoped that this will take place early in 1988.

Palma in £1.75m purchase

BY ALICE RAWSTHORN

Palma Group, knitwear and hosiery manufacturer, yesterday acquired Lewes Design Workshop, which sells clothing in kit form under its trading name of Clothkits, for £1.75m.

Clothkits, which is privately owned, was set-up by two designers in the late 1960s. It markets adults and childrenswear in kit form through a mail-order catalogue and a group of seven retail outlets.

The company fell into losses in 1985 following a period of rapid expansion and diversification into property development. The properties have now either been sold or are in the process of being sold. Once the acquisition is completed, Palma intends to improve the company's financial controls and to strengthen its management team.

Mr Peter Bailey, group chairman, said that Clothkits would add design expertise to Palma's activities, while the group could offer the financial and managerial help needed to restore Clothkits to profitability.

Palma has agreed to pay a performance-related sum for the company up to a maximum of £1.75m. Last year Clothkits made a pre-tax loss of £400,000 on turnover of £8.4m. Mr Bailey said that, once it has returned to profit, Palma would consider how best to expand the business.

Palma joined the stock market in 1983 following its reverse takeover of Montfort, a fellow East Midlands knitwear company. The takeover was fraught with problems. Palma was forced to close four of the five Montfort factories at considerable cost. But last year it completed its recovery and announced its intention to expand

Downiebrae falls midway

A severe reduction in pre-tax profits was announced by **Downiebrae Holdings,** Glasgow-based metal merchant and maker of steel profiles and pipe flanges, for the half year to June 30 1987. On a reduced turnover of £1.12m against £1.31m the taxable result fell from £97,000 to £12,000.

Trading in the group's engineering companies remained difficult during the period, the directors said. As a result, they decided to end operations at Rutherglen and to consolidate all manufacturing in Bolton.

With the restructuring of the board and strengthening of financial resources they felt the company was well placed to make acquisitions. They had been considering several situations recently and believed the stock market collapse would create opportunities for a cash-rich company such as Downiebrae. In August it increased cash resources by £3.23m via rights and subscription issues.

The directors said that second half profits should reflect improved trading activity and increased interest on the company's cash deposits. They intended to restore dividend payment as soon as profits justified.

Earnings for the six months worked through at 0.17p (1.16p) per 10p share after a nil tax charge (£14,000). There was an extraordinary £76,000 debit (£21,000).

TRNR and Platou settle deal

By Mike Smith

TR Natural Resources, Touche Remnant investment fund, and **Platou,** the Norwegian investment company which recently won a bid battle for control of TRNR, have agreed on a formula asset value of 109.912p for the trust.

Shareholders who accepted the cash alternative of Platou's offer will therefore be entitled to *103.317p for each ordinary.* Those who accepted the shares offer will be entitled to three new Platou and £230.26 cash for every 1,000 TRNR.

Menvier-Swain deal

Menvier-Swain Group, USM-quoted designer and maker of fire alarms, is paying $894,000 (£502,000) for 54 per cent of **Electro Powerpacs,** a Boston-based US emergency lighting company.

Electro's shares are traded on the OTC market and Menvier intends in due course to make a tender offer to the remaining shareholders at the same $3 purchase price per share which, if fully taken up, would amount to a further consideration of $714,000.

In the year to June 6, Electro made a net loss of $31,430 on turnover of $2.7m. However, results for the first quarter of the current year show that it has returned to profitability. At June 30 it had net assets of $1.4m.

Lyles buoyant

Mr John Lyles, chairman of **S Lyles,** carpet yarn spinner and dyer, told shareholders at the annual meeting that shortly after writing his statement, the sharp re-adjustment of stock market values took place. He said business today is at least as buoyant as it was then.

Lyles had no direct exports to the US, its business was well spread and its customer profile excellent. He added that working efficiency had increased and even before the impending small increase in capacity, the company was comfortably breaking output records.

REALLY USEFUL Group is not proceeding with the 1-for-1 scrip issue it announced on October 27, in view of the "continuing adverse market conditions".

Shandwick undaunted by stocks decline

Shareholders were told at the annual meeting of **Shandwick** that two points arose from the company point of view on the major decline in London and international stock markets.

Firstly, the way in which Shandwick had structured its earn-outs led the company to believe that it could very comfortably arrange for the pay-outs of those earn-outs from its own cash flow and there is no intention to return to the market for cash for payment.

Secondly, all points the chairman made in his statement, in spite of the recession, appear to be borne out by the first couple of months trading which is well ahead of last year. In the US as well as in the UK he was confident that this year would produce record results.

Dalgety in good position

Mr David Donne, chairman of **Dalgety,** told shareholders at the annual meeting that the group was stronger, leaner and fitter than it had ever been.

The company is an international merchant, but the chairman said that about 60 per cent of its trading profit arose in the UK which was providing a further protection against fluctuating exchange rates.

The balance sheet was stronger than for a long time and profits to date were ahead of last year, he said, adding that the company would continue to make steady advances. There would be regular announcements of further developments.

Bejam turnover ahead

Turnover in the year to date at **Bejam Group** was running ahead of 1986, said Mr John Apthorp, the chairman of the food and freezer retailing concern, at the annual meeting.

The trading result for the current six months was very dependent on Christmas trading, but the chairman had every confidence that the company would have a good Christmas sales period.

New store openings continued apace. In total, the current period would see the company trading in 15 new freezer centres, three new discount supermarkets and two new wine warehouses.

Last month's hurricane had caused very little disruption of Bejam's retail trading. Settling customers' claims for lost food under the freezer insurance scheme was not expected to exceed £½m. Mr Apthorp said the vast majority of these claims were settled by issuing vouchers which enabled policyholders to replenish their stocks at the company's freezer centres and this brough additional people into the stores.

TR Property nav rises

BY NIKKI TAIT

TR Property Investment Trust, part of the 11-strong Touche Remnant investment trust stable, yesterday announced that net asset value in the six months to end-September rose 32.3 per cent to 139.2p a share - beating a comparable 20.9 per cent rise in the FTA All Share Index but remaining below the 41.6 per cent increase in the FTA Property Index.

The gain, however, has been reversed in the recent market collapse, with nav dropping back by 33.9 per cent to 92p - very much in line with falls both the All-Share and the Property Share index. Managers, though, say that they see no parallel with the background which existed in 1974 and "view the future as one that will offer good opportunities."

Transcon. Services up

Transcontinental Services Group, an investment holding company, boosted taxable profits sharply from £32,000 to £6.64m in the six months to September 30 helped by profits of £7.53m on sales of investments held for dealing compared with losses of £1.24m last time.

Operating revenues totalled £9.71m compared with £3.26m last time and profits were further boosted by a significant cut in interest charges from £2.08m to £958,000.

After tax of £36,000 (£107,000) earnings per share were 19.5p (nil) and the directors declared an unchanged dividend of 3.57p. At the end of the half year net asset value per 50 cents share was 334.3p (265.21p) on on a primary basis or 313.38p (254.92p) on a fully diluted basis.

Mr Stanley Cohen, chief executive, said that the company intended to build its future around its core investment policy.

Charterhall ups stakes

BY DAVID WALLER

Charterhall, the investment vehicle of Mr Russell Goward, the Australian protegee of Mr Ron Brierley, has taken stakes in two companies, ERF Holdings and Atkins Brothers (Hosiery).

It announced yesterday that "recent purchases" had taken its holding in ERF, the UK's only independent truck manufacturer, to 4.86 per cent of the company's equity. It said that it now had more than 5 per cent of Atkins, a textiles and electronics company which announced flat profits in June and has been a perennial target of bid speculation.

A spokesman for Charterhall said that it believed the two companies were undervalued in the the present market. "We have therefore seized the opportunity to increase our holdings."

The purchases follow the recent accumulation of substantial holdings in Goldberg & Sons, the Glasgow-based department store, and in Bridport-Gundry, a maker of netting and twisted and woven products. Last month, Charterhall launched an agreed bid for Allebone, valuing the shoe retailer at £38.5m.

Shares in Atkins were unchanged yesterday; those in ERF gained 8p to 165p.

Youghal in the black

Youghal Carpets (Holdings), Cork-based manufacturer of carpets, spinner and dyer which was taken over by Coats Viyella earlier this year, turned pre-tax losses of I£58,000 into profits of I£90,000 (£82,000) in the half year to June 27. The company's performance was dented by exceptional charges of £344,000 (nil) which consisted of major roof repairs.

Turnover rose from £21.76m to £22.99m and after nil tax charges earnings per share were 0.4p compared with 0.3p losses last time. The company said that it would not be paying a dividend because there was still a deficit on distributable reserves

Extraordinary charges amounted to £596,000 and consisted of reorganisation costs and costs incurred in respect of a financial restructuring of the Dutch subsidiary KVT. However, Youghal received £1.16m in respect of debt forgiven by financing banks as part of the terms of the acquisition of a majority shareholding in the company by Coats Viyella.

Thos Robinson

Thomas Robinson Group, has agreed to acquire Dominion Holdings for £850,000 to be satisfied by £672,500 in cash and by the allotment to certain of the vendors of 49,124 ordinary in Robinson.

B&C ups Barker stake

BY CLAY HARRIS

British & Commonwealth Holdings has increased its stake in **Charles Barker,** the quoted advertising and communications group, to 11.51 per cent from less than 5 per cent.

Mr David Norman, who will take over as Barker chairman and chief executive on December 1, welcomed the investment, which is likely to presage B&C support for the agency's expansion plans.

B&C separately holds 24 per cent of Wood Brigdale, the UK advertising agency, and 25 per cent of Quigley and Associates, the firm which handles B&C's own public relations. The increased stake in Barker is unlikely to lead to any links between the three agencies.

Kennedy and McLeod merger benefits

BENEFITS FROM the proposed merger of **Kennedy Smale** and **McLeod Russel Holdings** would give the enlarged group considerable cash resources, strong UK earnings and a good position from which to develop its business principally in the industrial sector.

Kennedy is engaged in property trading, glove manufacture, electrical engineering and textile machinery distribution. McLeod has plantation interests in Kenya and Papua New Guinea (those in India are being sold) and paint, tin container, and property interests in the UK.

Terms of the merger (announced November 11) were 27 Kennedy shares for every 10 McLeod. The Guthrie family would hold nearly 44 per cent of the new capital. The offer document will be sent at the end of the month.

The benefits were spelled out yesterday as both companies announced results. Kennedy pushed up its pre-tax profit for the half year ended September 30 1987 from £543,000 to £682,000 on turnover of £5.62m (£5.14m). Subject to the merger being approved, the current accounting period will run for 18 months to September 1988.

There is an interim dividend of 2.25p for which former McLeod holders will not qualify. It would be followed by a second interim in August on the enlarged caital and a final in the following January.

McLeod reported for the year ended September 30 1987. Its turnover fell to £26.41m (£27.25m) and the pre-tax profit to £9.12m (£10.49m), because of lower world tea and coffee prices. The dividend is lifted to 7p (6.225p) with a second interim of 4p.

Indian companies contributed £3.57m, Kenya £0.95m, Papua New Guinea loss £836,000 (£90,000) and the UK paint division £1.53m.

Current year profits would be reduced substantially, although UK cash flow would be greatly increased as would the quality of earnings.

Sale of the Indian plantations and the cotton growing business of Iffley (in Australia) greatly reduced the commitment to overseas agriculture. For the current year the profit of those two-last year £3.9m-would be replaced initially by interest on the £25m sale proceeds, net of expenses, and the £2m purchase of Bobbaro sheep station in New South Wales.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Australia Inv ......fin	2.7	-	0.25	2.7	0.25
Brit Empire Secs....fin	0.4	-	0.4	0.6	0.6
Cambridge Inst. ....int	0.22	Jan 30	0.2	-	0.7
Chrysalis ....fin	5	Jan 29	3.6	7	5.6
Edbro ....int	2.5	Feb 6	2.5	-	8
Kennedy Smale .....int	2.25♣	Jan 12	2	-	4.5
McLeod Russel .....fin	4	-	3.75*	7	6.23*
Transcon. Serv. .....int	3.57	April 7	3.57	-	9.57

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market. ♣In respect of 18 months.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1987 High	1987 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
-	F.P.	23/10	27	14	Atlantic Assets Wrrnts.	14		-	-	-	-
§105	F.P.	6/11	160	71	#Banner Homes 10p	71	-7	R2.6	2.9	5.0	9.3
330	120	-	88	75	British Petroleum	79	+½	N12.5	1.5	5.9	14.4
§18	F.P.	26/11	27	18	#Chartsearch 1p	22½	-2	R0.44	3.0	2.7	16.9
100	F.P.	-	121	103	#Co. of Designers 5p	106	-2	R3.0	2.2	3.9	22.8
10	F.P.	11/12	14¼	5	EPM Dragon Trust 5p	5½	-1½	-	-	-	-
†	F.P.	-	268	230	English & Caledonian Inv.	238		-	-	-	-
74	F.P.	9/12	81	74½	#Fairway (London)5p	78		R2.5	1.8	4.4	13.6
-	F.P.	-	67	26	First Spanish I.T. Wrrnts.	26	-2	-	-	-	-
-	F.P.	-	104	70	Haden MacLellan 20p	80	+1	1.9	1.5	3.2	-
†	F.P.	-	152	100	Hard Rock Intl. 2p	130	-8	L1.53	3.3	1.6	23.1
†	F.P.	-	125	97	Do 'A' (Restricted Vtg)2p	97	-3	L1.53	3.3	2.2	17.3
-	F.P.	23/10	23	12	Independent Inv. Wrrnts.	14					
§80	F.P.	-	148	81	ISA Intl. 5p	89	-2	R1.17	4.0	1.8	18.9
§60	F.P.	-	82	43	*Kemp (P.E.)5p	43		-	-	-	8.1
§115	F.P.	-	128	65	#Marcol 5p	68	+2	L2.3	2.1	4.6	14.4
257	F.P.	-	98	55	Moorgate Inv. Wrrnts.	55	-5	-	-	-	-
$100	F.P.	-	108	101	New Germany Securities	101		-	-	-	-
$10.58	F.P.	-	$27¾	99	Portugal Fund $0.01	99½		-	-	-	-
§110	F.P.	20/11	111	72	Power Corp.Ir.£0.01	72		Q34.9	2.5	4.7	9.4
§45	F.P.	-	48	46	*Propeller 1p	48	+2	W-	-	-	15.0
§88	F.P.	-	90	67	Record Hldgs 5p	67	-3	R2.0	3.2	4.1	10.5
250	F.P.	12/12	377	138	#Stanhope Prop.	138	-5	-	-	-	-
§114	F.P.	-	121	115	#Sylvan-Pickwood 10p	118		R5.25	2.0	6.3	11.1
§20	F.P.	21/12	26	20	#Tabular Exhibitions	22	-2	-	-	-	-
§87	F.P.	9/11	98	98	#URS Intl. $0.01	98	-2	R4.75	1.9	4.5	11.6
§60	F.P.	-	93	73	#WSP Hldgs.5p	73		R1.5	3.0	3.9	17.9
†	F.P.	25/11	30	16	Wiltshire Securities	21	-2	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or -
§	F.P.	-	75p	70p	*Abetscott 5¼pc Cnv.Cv.Rd.Pf 2006	70p	
100	F.P.	20/11	106½p	81p	Allied Lon. Props. 5¼pc Cnv. Red. Pf	84p	
100	210	21/1	14	10¼	Chester Wtr. Wks. 12¾pc Rd.Db.98/2000	11¼	
100p	F.P	-	87p	63p	Helical Bar 5¼pc Cnv.Cum.Red.Pf.2012	63p	-2
-	F.P.	-	101⅜	97¾	N'wide Anglia 10⅝pc 12.9.88	101⅛	
-	F.P.	-	101⅜	99¼	Do. 10⅝pc 26.9.88	101	
-	F.P.	-	101⅛	100⅝	Do. 10⅛pc 31.10.88	100¾	
§	F.P.	-	109½	99½	Next 5½pc Cnv. 2003	101½p	
§100	F.P.	-	115p	113p	Record Hldgs. 10pc Cnv. Red. Pf. £1	114p	
100	F.P.	-	95p	73p	§Shield Grp. 5.84pc Cnv. Cum. Red. Pf	80p	+7
-	F.P.	13/11	80p	70p	Utd. Scientific 5¼pc Conv. N-V. Pref.	78p	+1

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or -
992	Nil	23/11	4pm	2¼pm	Ansbacher (H.) Units◆◆	2¼pm	
80	Nil	30/11	2¼pm	½pm	#Cityvision 5p	½pm	
30	Nil	16/12	3½pm	1½pm	#Compsoft Hldgs.5p	1½pm	
30	Nil	20/11	½pm	½pm	Eagle Trust 2½p	½pm	
100	Nil	15/12	½pm	½pm	Falcon Inds.5p	½pm	
45	Nil	30/11	5pm	2½pm	Feedex Agric 10p	3pm	-1
80	Nil	-	440pm	202pm	Press Tools	240pm	
260	Nil	27/11	½pm	½pm	Securiguard Group 5p	½pm	

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. Z Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided. ¥ Issued by tender. ◆ Offered to holders of ordinary shares as a rights. † Introduction. § Placing price. †† Reintroduction. ◆ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ♣ Unlisted securities market. ◆ Official London listing. □ Including warrants entitlement. * Third Market. ◆◆ Unit comprises 6 rsns ord. at 82p and 25 Nom.of 9pc.Cnv. Sub. Ln.1998.

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY NOVEMBER 19 1987					WEDNESDAY NOVEMBER 18 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (89)	97.78	−0.4	81.42	93.69	4.36	98.15	82.19	93.88	180.81	85.80	88.20
Austria (16)	92.26	−0.3	76.82	80.60	2.58	92.52	77.48	81.00	102.87	85.53	93.85
Belgium (48)	103.28	+0.5	86.00	89.78	5.22	102.77	86.05	90.48	134.89	96.19	92.25
Canada (127)	100.76	−1.2	83.90	95.65	3.22	101.93	85.36	97.10	141.78	98.15	98.10
Denmark (38)	108.75	−0.5	90.55	95.84	3.08	109.28	91.51	96.57	124.83	98.18	94.75
France (120)	84.14	−1.3	70.06	75.20	3.63	85.25	71.39	76.46	121.82	77.39	94.12
West Germany (93)	75.66	+0.3	63.00	66.08	2.87	75.47	63.20	66.19	104.93	68.91	93.31
Hong Kong (46)	87.09	−1.0	72.52	87.09	5.62	87.99	73.68	88.06	158.68	75.82	87.49
Ireland (14)	101.35	−2.0	84.39	90.44	5.00	103.47	86.64	92.42	160.22	96.20	88.69
Italy (94)	77.04	+0.3	64.15	71.11	2.68	76.84	64.34	71.10	112.11	72.04	96.72
Japan (457)	137.31	−0.2	114.34	117.30	0.58	137.56	115.19	117.78	161.28	100.00	88.28
Malaysia (36)	103.87	−0.2	86.49	99.81	3.63	104.04	87.12	100.33	193.64	98.24	100.97
Mexico (14)	149.21	−0.6	124.25	328.32	1.07	150.10	125.69	282.51	422.59	99.72	91.42
Netherland (37)	97.06	−1.5	80.82	83.77	5.35	98.55	82.52	85.40	131.41	87.70	95.92
New Zealand (23)	77.85	+0.1	64.83	66.80	4.69	77.78	65.13	66.53	138.99	75.99	93.17
Norway (24)	107.38	−3.8	89.41	93.53	2.91	111.64	93.49	97.70	185.01	96.03	103.04
Singapore (27)	98.95	−0.4	82.39	92.59	2.57	99.34	83.18	93.57	174.28	90.19	100.85
South Africa (61)	126.02	+1.6	104.93	88.16	4.80	124.04	103.87	88.19	198.09	100.00	99.23
Spain (43)	118.95	−2.1	99.04	102.23	4.01	121.54	101.78	104.55	168.81	100.00	86.76
Sweden (34)	97.42	−3.2	81.12	87.54	2.61	100.68	84.31	90.58	136.64	88.50	100.91
Switzerland (53)	81.28	−0.4	67.68	69.39	2.39	81.63	68.35	69.96	111.11	73.65	92.64
United Kingdom (332)	118.71	−0.9	98.85	98.85	4.61	119.78	100.30	100.30	162.87	99.65	91.94
USA (582)	97.98	−2.2	81.59	97.98	3.76	100.15	83.86	100.15	137.42	92.83	98.66
Europe (946)	97.74	−0.7	81.39	83.94	3.98	98.48	82.46	84.96	130.02	92.25	93.25
Pacific Basin (678)	133.86	−0.2	111.46	115.26	0.80	134.13	112.32	115.74	158.77	100.00	88.35
Euro–Pacific (1624)	119.45	−0.4	99.46	102.77	1.84	119.90	100.40	103.46	143.65	100.00	90.29
North America (709)	98.13	−2.1	81.71	97.87	3.73	100.24	83.94	100.00	137.55	93.20	98.63
Europe Ex. UK (614)	84.74	−0.6	70.56	74.68	3.42	85.26	71.39	75.42	111.97	78.89	93.73
Pacific Ex. Japan (221)	92.21	−0.5	76.78	88.75	4.68	92.71	77.64	89.21	164.03	83.17	88.42
World Ex. US (1826)	118.89	−0.4	98.99	102.53	1.92	119.34	99.94	103.22	143.38	100.00	90.66
World Ex. UK (2076)	110.02	−1.0	91.61	101.28	2.32	111.14	93.07	102.47	138.82	100.00	93.96
World Ex. So. Af. (2347)	110.68	−1.0	92.16	101.08	2.53	111.82	93.63	102.30	139.47	100.00	93.73
World Ex. Japan (1951)	98.08	−1.5	81.67	92.69	3.86	99.61	83.41	94.30	134.22	95.64	96.41
The World Index (2408)	110.78	−1.0	92.25	101.01	2.54	111.90	93.70	102.23	139.73	100.00	93.77

Base values: Dec 31, 1986 = 100

Latest prices were unavailable for this edition.

ECONOMIC DIARY

TOMORROW: Mrs Margaret Thatcher, Prime Minister, has talks with Mr Jacques Chirac, French Prime Minister, in Paris.

MONDAY: CBI monthly trends enquiry (November). EC general affairs council meeting in Brussels (until November 24). EC agriculture council meets in Brussels. Mr George Shultz, US Secretary of State, to meet Mr Eduard Shevardnaze, the Soviet Foreign Minister, in Geneva to clear the way for the superpower summit in Washington from December 7 to 10. Economic report published in Bonn from five independant economic experts. General John Galvin, NATO Supreme Allied Commander Europe,to address European-Atlantic group at the House of Commons. Northern Europe *Nuclear Information Group* makes statement on Dounreay processing plant. Horizon 1992 tourism conference in Brussels (until November 24).

TUESDAY: Balance of payments current account and overseas trade figures (October). US gross domestic product (third quarter- first revision). EC fisheries council meets in Brussels. Mr Nigel Lawson, Chancellor of the Exchequer, speaks at the American Chamber of Commerce lunch in London. The Henley Centre for Forecasting hold conference "The UK economy- the next five years" at the Cavendish Conference Centre, London. British Airports Authority publish results. Home Office standing conference on crime prevention at Queen Elizabeth II Conference, London.

WEDNESDAY: New construction orders (September). National Institute of Economic and Social Research review.

THURSDAY: New vehicle registrations (October). Energy trends (September). Symposium on air safety in Brussels (until November 27). *British Telecom* half-yearly results.

FRIDAY: Engineering indices of production and orders (September). Company liquidity survey (third quarter). Finished steel consumption and stock changes (third quarter provisional). Eurotunnel share issue closes.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	4,100	English China Clays	125	Plessey	5,300
Allied-Lyons	1,300	Enterprise Oil	271	Prudential	1,000
Amstrad	1,700	Fisons	1,050	Racal	1,600
Argyll Group	2,200	Gen. Accident	585	Rank Org.	467
Assoc. Brit. Foods	203	Gen. Elect	4,600	RMC	121
BAA	2,400	Glaxo	3,500	RHM	1,100
BAT	4,400	Globe Investment	70	Reckitt & Col.	144
BET	976	Granada	292	Redland	795
BICC	343	Grand Met	2,300	Reed Intl.	3,300
BOC	1,100	GUS A	678	Reuters	985
BPB Inds	476	Guardian R.E.	364	RTZ	2,200
BTR	3,000	GKN	968	Rolls-Royce	4,400
Barclays	1,000	Guinness	5,800	Rothmans	789
Bass	468	Hammerson	221	Rowntree	176
Beecham	2,600	Hanson Trust	8,500	Ryl Bank Scotland	1,200
Blue Arrow	2,300	Hawker Sidd	93	Royal Insurance	2,200
Blue Circle	900	Hillsdown Hldngs	685	STC	5,600
Boots	3,800	IMI	403	Saatchi & Saatchi	816
Brit. Airways	5,600	ICI	2,000	Sainsbury	1,100
Brit. Aero	3,500	Jaguar	3,300	Scott & Newcastle	806
Brit. & Comm.	383	Ladbroke	2,550	Sears	2,000
British Gas	9,000	Land Securities	3,230	Sedgwick	537
Britoil	3,500	Laporte	46	Shell Trans	841
BP	12,000	Legal & Gen.	752	Smith & Nephew	2,800
Brit. Telecom	7,900	Lloyds Bank	1,100	Standard Chart.	98
Bunzl	1,200	LASMO	721	Storehouse	3,100
Burmah Oil	1,100	Lonrho	1,100	Sun Alliance	70
Burton	2,600	Lucas	766	T & N	311
Cable & Wire	3,400	MEPC	2,600	TSB	4,700
Cadbury Schwps	2,000	Marks & Spencer	6,250	Tarmac	1,100
Coats Viyella	1,700	Maxwell Comms.	943	Tesco	4,700
Comm. Union	672	Metal Box	493	Thorn EMI	1,300
Cons. Gold	319	Midland Bank	1,900	Trafalgar House	578
Cookson	301	NatWest Bank	1,000	T'house Forte	2,000
Courtaulds	988	Next	4,200	Ultramar	637
Dalgety	151	Northern Foods	128	Unilever	2,100
Dee Corpn	2,200	Pearson	188	United Biscuits	816
Dixons Group	2,600	Pearl Assurance	99	Wellcome	1,700
		P & O	602	Whitbread A	1,200
		Pilkington Bros	1,400	Woolworth	739

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times,the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Friday November 20 1987						Thu Nov 19	Wed Nov 18	Tue Nov 17	Year ago (approx)	Highs and Lows Index			
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act. at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Index No.	Index No.	Index No.	Index No.	1987 High	1987 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (213)	647.72	−1.0	10.89	4.40	11.55	19.10	654.49	666.61	669.47	673.62	1038.07 16/7	618.07 10/11	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (30)	852.77	−1.2	11.10	4.32	11.26	22.91	863.49	883.27	886.96	835.29	1381.08 16/7	805.67 10/11	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (33)	1211.73	−0.9	10.29	4.11	12.99	31.12	1222.60	1240.17	1241.64	1142.09	1951.50 16/7	1115.39 10/11	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (14)	1805.31	−0.2	10.21	5.15	12.74	62.76	1808.04	1823.57	1806.61	1705.35	2733.45 20/7	1661.76 10/11	2733.45 20/7 /87	84.71 25/6 /62
5	Electronics (33)	1391.52	−1.1	11.44	3.64	11.44	35.99	1407.21	1458.72	1462.41	1460.91	2236.70 17/7	1391.52 20/11	2236.70 17/7 /87	1229.01 8 /10/85
6	Mechanical Engineering (60)	318.92	−0.9	11.61	5.09	10.83	11.28	321.85	325.14	326.73	372.95	544.57 14/10	296.26 10/11	544.57 14/10/87	45.43 5 /1 /75
8	Metals and Metal Forming (7)	377.47	−1.2	10.43	4.37	11.67	11.55	381.98	383.47	388.91	340.05	596.67 9 /10	348.64 9 /11	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (14)	236.05	−1.6	12.88	4.91	9.02	7.31	239.87	245.82	246.20	259.06	411.42 13/10	223.31 9 /11	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (22)	1131.29	−0.9	9.19	4.58	12.94	37.16	1141.76	1147.39	1158.54	1214.50	1736.80 22/9	1051.78 10/11	1736.80 22/9 /87	277.55 15/1 /81
21	CONSUMER GROUP (183)	959.10	−0.6	8.85	3.73	14.37	21.28	964.72	972.85	971.32	926.32	1406.32 16/7	919.77 9 /11	1406.32 16/7 /87	61.41 13/12/74
22	Brewers and Distillers (21)	894.38	+0.6	11.24	4.16	11.24	17.53	888.81	897.07	908.29	951.69	1269.35 16/7	877.37 9 /11	1269.35 16/7 /87	69.47 13/12/74
25	Food Manufacturing (23)	760.65	−0.8	9.93	4.20	12.99	17.48	766.71	770.85	776.68	722.37	1092.25 16/7	726.65 9 /11	1092.25 16/7 /87	59.67 11/12/74
26	Food Retailing (17)	1977.21	−0.5	7.78	3.01	17.13	40.31	1987.13	1994.37	1976.53	1834.56	2649.96 16/7	1848.05 10/11	2649.96 16/7 /87	54.25 11/12/74
27	Health and Household Products (10)	1687.46	—	6.85	2.66	17.16	27.95	1686.61	1711.89	1691.59	1499.36	2699.85 16/7	1590.82 10/11	2699.85 16/7 /87	175.38 28/5 /80
29	Leisure (30)	1012.57	−1.2	8.02	4.50	15.58	28.48	1024.48	1036.62	1034.61	953.15	1504.79 13/10	943.07 9 /11	1504.79 13/10/87	54.83 9 /1 /75
31	Packaging & Paper (16)	443.37	−1.5	9.48	4.08	14.01	11.22	450.03	456.98	457.37	474.17	739.48 16/7	427.56 10/11	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (15)	3125.91	−0.1	6.97	4.66	18.13	95.15	3129.30	3137.14	3120.05	2556.79	5070.66 5 /10	2713.49 2 /1	5070.66 5 /10/87	55.08 6 /1 /75
34	Stores (35)	807.63	−1.2	9.25	3.73	14.51	18.97	817.28	820.05	826.11	835.17	1160.58 29/7	796.20 9 /11	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (16)	550.46	−2.9	11.44	4.19	10.11	15.15	566.81	583.76	567.37	547.29	914.52 2 /10	519.92 10/11	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (87)	791.41	−0.7	10.99	4.50	11.33	20.88	796.59	808.09	805.94	784.95	1192.48 8 /10	759.10 10/11	1192.48 8 /10/87	58.63 6 /1 /75
41	Agencies (17)	909.28	−3.0	6.75	2.52	19.46	16.91	937.15	951.04	953.32	0.0	1795.57 17/7	876.89 10/11	1795.57 17/7 /87	876.89 10/11/87
42	Chemicals (21)	959.36	−0.7	10.39	4.87	11.76	33.18	966.26	978.31	978.04	975.36	1545.46 5 /10	920.61 10/11	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (13)	1059.04	−0.5	9.70	4.42	11.79	22.33	1064.62	1075.06	1072.42	0.0	1547.01 8 /10	975.19 10/11	1547.01 8 /10/87	975.19 10/11/87
45	Shipping and Transport (11)	1640.21	−0.4	10.38	5.02	12.64	51.44	1646.73	1634.90	1644.55	1529.90	2497.85 16/7	1535.32 9 /11	2497.85 16/7 /87	90.80 29/6 /62
47	Telephone Networks (2)	844.11	−0.3	12.01	4.79	11.11	18.98	846.24	873.14	878.53	781.57	1274.14 9 /6	821.00 9 /11	1274.14 9 /6 /87	517.92 30/11/84
48	Miscellaneous (23)	1111.98	−0.5	13.50	4.27	8.83	33.20	1117.52	1123.11	1120.16	1103.65	1773.70 5 /10	1039.40 10/11	1773.70 5 /10/87	60.39 6 /1 /75
49	INDUSTRIAL GROUP (483)	839.81	−0.7	9.94	4.10	12.68	21.08	845.84	856.47	856.12	832.91	1268.86 16/7	804.87 10/11	1268.86 16/7 /87	59.01 13/12/74
51	Oil & Gas (17)	1597.15	+0.8	10.40	6.16	11.85	65.74	1583.75	1623.96	1628.15	1433.87	2458.68 16/7	1505.69 5 /1	2458.68 16/7 /87	87.23 29/5 /62
59	500 SHARE INDEX (500)	904.02	−0.5	10.01	4.41	12.54	24.93	908.39	921.54	920.90	883.22	1369.88 16/7	867.65 10/11	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (120)	588.29	−1.5	–	5.30	–	20.62	597.48	606.54	605.00	602.20	896.67 13/10	565.33 10/11	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	602.15	−0.9	22.15	6.47	5.97	25.98	607.60	616.83	615.27	653.76	898.38 16/7	577.39 4 /11	898.38 16/7 /87	62.44 12/12/74
65	Insurance (Life) (8)	868.08	−2.0	–	5.30	–	32.56	885.83	899.69	912.23	834.83	1285.72 9 /10	821.55 9 /11	1285.72 9 /10/87	44.88 2 /1 /75
66	Insurance (Composite) (7)	474.48	+0.1	–	5.81	–	18.69	474.07	475.47	471.52	444.77	707.58 13/10	453.21 9 /11	707.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (8)	756.72	−1.2	14.68	7.58	8.72	38.19	765.74	785.36	773.55	1247.65	1399.56 17/7	709.92 9 /11	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (11)	328.06	−2.9	–	4.40	–	8.69	329.51	335.47	338.13	353.29	547.59 12/10	312.09 10/11	547.59 12/10/87	31.21 7 /1 /75
69	Property (49)	874.39	−2.7	5.68	3.42	22.70	16.77	898.39	917.43	913.73	797.57	1374.86 16/7	805.82 5 /1	1374.86 16/7 /87	56.01 20/4 /65
70	Other Financial (29)	359.98	−2.4	10.01	4.48	12.64	11.27	368.99	374.68	374.54	366.60	603.48 16/7	341.44 10/11	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (88)	766.24	−1.8	–	3.26	–	15.94	780.15	790.70	788.12	835.29	1224.41 2 /10	726.15 10/11	1224.41 2 /10/87	71.12 13/12/74
81	Mining Finance (2)	364.13	−1.7	12.48	4.69	9.02	12.77	370.56	378.80	383.50	332.69	727.93 3 /8	336.91 10/11	727.93 3 /8 /87	66.31 30/9 /74
91	Overseas Traders (10)	838.70	−1.0	10.85	5.82	10.80	36.40	847.43	847.93	856.26	763.33	1364.12 13/10	778.26 2 /1	1364.12 13/10/87	97.37 6 /1 /75
99	ALL-SHARE INDEX (720)	818.26	−0.7	–	4.52	–	23.48	824.11	836.09	835.40	807.63	1238.57 16/7	784.81 10/11	1238.57 16/7 /87	61.92 13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Nov 19	Nov 18	Nov 17	Nov 16	Nov 13	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX ♦	1633.4	−5.7	1633.4	1605.9	1639.1	1663.7	1660.1	1684.7	1678.3	1624.9	2443.4 16/7	1565.2 9 /11	2443.4 16/7 /87	984.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Nov 20	Day's change %	Thu Nov 19	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	124.55	+0.16	124.35	–	10.03
2	5-15 years	143.41	+0.13	143.22	–	12.14
3	Over 15 years	151.58	−0.02	151.60	–	12.41
4	Irredeemables	169.59	+0.36	168.98	–	13.35
5	All stocks	139.50	+0.12	139.33	–	11.56
	Index-Linked					
6	5 years	124.82	−0.03	124.86	–	2.18
7	Over 5 years	116.24	+0.07	116.16	–	2.89
8	All stocks	116.78	+0.06	116.71	–	2.82
9	Debentures & Loans	119.32	−0.10	119.44	–	9.94
10	Preference	85.19	+0.23	85.00	–	5.74

	AVERAGE GROSS REDEMPTION YIELDS		Fri Nov 20	Thu Nov 19	Year ago (approx.)	1987 High	1987 Low
	British Government						
1	Low	5 years	8.44	8.36	10.03	9.92 19/10	7.52 11/5
2	Coupons	15 years	9.03	9.05	10.74	10.27 19/10	8.53 8 /5
3		25 years	8.99	8.95	10.74	10.08 2 /1	8.55 8 /5
4	Medium	5 years	8.95	8.98	11.49	10.80 2 /1	8.39 8 /5
5	Coupons	15 years	9.23	9.23	11.09	10.51 19/10	8.74 8 /5
6		25 years	9.18	9.17	10.69	10.24 19/10	8.75 8 /5
7	High	5 years	8.99	9.03	11.59	10.84 2 /1	8.58 8 /5
8	Coupons	15 years	9.36	9.35	11.27	10.67 19/10	8.86 8 /5
9		25 years	9.17	9.17	10.75	10.31 19/10	8.72 8 /5
10	Irredeemables †		8.75	8.79	10.43	10.30 19/10	8.41 9 /11
	Index-Linked						
11	Inflation rate 5%	5yrs.	2.54	2.51	3.74	4.03 19/10	2.03 20/5
12	Inflation rate 5%	Over 5 yrs.	3.90	3.90	3.82	4.63 19/10	3.30 6 /4
13	Inflation rate 10%	5 yrs.	2.80	2.75	2.24	4.14 19/10	0.85 24/3
14	Inflation rate 10%	Over 5 yrs.	3.95	3.95	3.65	4.65 19/10	3.17 27/3
15	Debs &	5 years	10.61	10.60	11.91	11.86 20/10	9.46 12/6
16	Loans	15 years	10.59	10.58	11.89	11.67 20/10	9.79 23/3
17		25 years	10.59	10.58	11.87	11.49 20/10	9.84 23/3
18	Preference †		10.65	10.67	11.59	11.83 2 /1	10.05 22/6

♦Opening index 1610.5; 10 am 1614.2; 11 am 1619.9; Noon 1622.8; 1 pm 1622.6; 2 pm 1606.4; 3 pm 1606.0; 3.30 pm 1609.9; 4 pm 1633.4

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

INTERNATIONAL COMPANIES & FINANCE

Pennzoil reduces Texaco damages suit to $5bn

BY JAMES BUCHAN IN NEW YORK

TEXACO, THE US oil company which has sought refuge in bankruptcy from a monumental $10.3bn in damages awarded to Pennzoil, has come under new pressure to settle out of court with the announcement that its smaller rival will accept a total of $5bn.

Pennzoil, whose record damages award was confirmed three weeks ago when the Texas Supreme Court threw out Texaco's appeal, said yesterday that it had proposed that Texaco pay a non-refundable $1.5bn immediately in exchange for a $5bn ceiling on Texaco's total liability.

Texaco is appealing to the Supreme Court, the highest court in the US, in a last-ditch attempt to overturn the damages awarded by the Texas courts. Texaco was found guilty before a Houston jury in 1985 of interfering in Pennzoil's binding contract to buy an interest in Getty Oil by taking over the whole company.

This week's Pennzoil offer, which exceeds its last public proposal of $4.1bn, is seen on Wall Street as a clever and brutal attempt to put new pressure on Texaco to settle, rather than risk an adverse judgement for the full $10.3bn in the Supreme Court. The proposal was made at the request of other Texaco creditors, who have become increasingly active in trying to bring the two companies together.

"I'm trying to get Texaco and Pennzoil to negotiate on the settlement figures," said Mr Charles Luce, chairman of the general creditors' committee, which includes Pennzoil. The committee put forward the idea last week that a floor and ceiling should be placed on the damages, even if the entire award is upheld.

The creditors are also pushing to file their own plan to reorganise Texaco and lead it out of bankruptcy.

Bank of NY cuts offer for rival

BY OUR NEW YORK STAFF

BANK OF New York, the oldest bank in the US, yesterday sharply reduced its aggressive offer to buy its larger rival on Wall Street, Irving Bank, to account for the collapse in stock values in the past month.

Bank of New York, which stunned the banking industry when it launched its hostile $1.4bn take-over in late September, said yesterday it was reducing its offer from roughly $80 a share in cash and securities to $68 a share, or $1.3bn.

But the stock market remained deeply sceptical that the offer would succeed. Irving Bank stock, which traded as high as $78 a share before the market crash, was quoted at $49 in early trading yesterday.

Mr Carter Bacot, chairman of Bank of New York - which has gross assets of $22.4bn - said the bank was determined to proceed with its approach, which Irving has angrily rejected.

"But the recent sharp decline in he stock market has changed the value placed on the shares of all bank holding companies, including our two companies. We thus are revising our offer to reflect both the realities of current markets and economic conditions, and also Irving's response to our initial proposal," he said.

The new offer is for cash of $68 a share for 39 per cent of Irving and 2.4 shares of Bank of New York for each of the remaining Irving Bank shares outstanding up to a maximum value of $68. The original offer was for $80 a share in cash for 47 per cent of Irving and 1.9 shares in Bank of New York, then worth over $40 for each of the remainder.

Irving Bank, the holding company for Irving Trust, has about $25bn in gross assets.

One of Irving's defences was that the combined company would have too weak a capital structure, said Mr Mark Lynch, analyst at Bear Stearns.

"The Bank of New York has essentially put more stock in and made the capital structure stronger. The new offer also lowers the goodwill portion of the offer by lowering the price," MrLynch said.

Mr Deno Papageorge, chief financial officer at Bank of New York, said: "The new offer changes the goodwill from over $400m to zero,"

Mr Papageorge added that re-evaluation of Irving's minority investments on the basis of public information not available at the time of the original offer also reduced goodwill.

Minebea drops takeover bid for Sankyo Seiki

By Our Tokyo Staff

MINEBEA, the unconventional Japanese maker of ball bearings, has decided to drop a controversial bid for Sankyo Seiki, a leading machinery maker.

Mr Takami Takahashi, the predator company's flamboyant chairman, announced this week that it has shelved its takeover plan. Hostile take-overs are extremely rare in Japan as they are considered bad business practice.

The ball bearing maker had acquired 18.1 per cent of Sankyo Seiki more than a year ago. At that time, Minebea had proposed that it provide Sankyo Seiki with bearings and magnets for its small motors and magnetic heads. The machinery comany flatly refused to discuss Minebea's proposals.

At the same time, Minebea announced that pre-tax profits for its latest year to September advanced to Y9bn ($66.5m) from Y8.6bn, while sales were up to Y127.7bn from Y113bn last year.

Top Japanese builders show mixed results

BY CARLA RAPOPORT IN TOKYO

JAPAN'S leading construction companies have produced mixed results for their latest reporting periods in spite of a boom in domestic building activity.

Kumagai-Gumi showed a decline in earnings which it blamed on increased competition at home and a large drop in revenues from its land and property deals.

As a result, the company showed pre-tax profits for the year to September down to Y24.1bn ($178m) from Y28.4bn while sales declined to Y755bn from Y841bn. It predicts an increase in profits and sales for the current year of 7 per cent and 10 per cent respectively.

Taisei, which is more dependent on the domestic market than Kumagai, showed a 14.6 per cent increase in pre-tax profits for the six months to September, largely thanks to the boom in civil engineering works. Pre-tax profits were Y9.6bn against Y8.4bn while sales grew 3 per cent to Y422bn.

Shimizu and **Ohbayashi** also scored increases for the six months just ended, with pre-tax profits up by 13 per cent and 9.5 per cent respectively. Ohbayashi said that orders rose 12.6 per cent in the period on the strength of the Government's policy to expand domestic demand.

Shimizu's sales in the period were Y427.5bn, down from Y439bn previously, but pre-tax profits were up to Y10.5bn from Y9.3bn last year. Ohbayashi showed pre-tax profits for the six months at Y11.6bn while sales dropped by 2.8 per cent to Y379bn.

Meanwhile, Japan's housing boom pushed profits for **Misawa Homes** up by a stunning 67.2 per cent in the six months ended September. Sales were up by 27 per cent to Y88.7bn while profits hit Y4.5bn in the period.

Hewlett Packard earnings leap

By Louise Kehoe in San Francisco

A 39 PER CENT fourth-quarter leap in earnings boosted Hewlett-Packard, the US electronics and computer group, to fiscal 1987 net earnings of $644m, or $2.50 per share, which represents the company's highest ever earnings from operations.

Earnings for fiscal 1987, ending October 31, rose 25 per cent from fiscal 1986 earnings of $516m, or $2.02 per share. The company attributed the growth to improved US market conditions along with a continuing higher growth rate in international sales.

HP's 1987 earnings are the highest since 1984, when the company reported earnings of $665m. In that year, however, Hewlett-Packard along with many US companies adjusted its accounting methods for realising international earnings and recorded a one-time gain of $118m.

Sales revenues for the year were up 14 per cent to $8.09bn, compared with $7.102bn for 1986. Domestic revenue totaled $4.12bn, up 8 per cent over 1986. International revenue was $3.96bn, up 21 per cent. For the fourth quarter, earnings jumped from $157m, or 62 cents per share, in 1986, to $218m, or 85 cents per share.

Sales revenue for the fourth quarter totaled $2.27bn, compared with $1.93bn for the corresponding 1986 quarter. Orders booked during the fourth quarter were valued at $2.13bn, up from $1.91bn in the same period last year.

These included a 16 per cent increase in international orders and an 8 per cent rise in domestic orders.

Commenting on the earnings report, Mr John Young, HP's president and chief executive, noted that HP faced a challenge in the fourth quarter to fill orders placed in the preceeding quarter.

This year, HP began shipments of six new computer systems based upon the company's revolutionary "precision architecture," HP aims eventually to convert virtually all its computer products to the new design concept which features "reduced instruction set" designs.

Mr Young also noted that computer networking and peripheral products have emerged as a significant new contributor to earnings. Orders for this category of products grew by close to 20 per cent in 1987, the company said.

Banesto cool on offer from Banco de Bilbao

BY DAVID WHITE IN MADRID

BANCO ESPANOL de Credito (Banesto) yesterday described as "unilateral" the merger proposal put forward by BAnco de Bilbao and declined any responsibility in the initiative. However, it said it would study "with the maximum interest" any project that might benefit its shareholders and employees and the Spanish financial system as a whole.

Shares of both banks were suspended on the four Spanish exchanges yesterday as rumours mounted about the terms of a possible public bid by Banco de Bilbao for Banesto shares.

The move followed Banco de Bilbao's announcement on Thursday night that it had started talks with the larger bank with a view to forming a unified banking and financial group. The Government and the Bank of Spain are understood to have indicated approval for the initiative.

Terms of Banco de Bilbao's offer to Banesto have not been disclosed but they are expected to involve a combination of an exchange of shares and cash payment.

Banesto's statement followed an emergency board meeting on Thursday night. Failing its agreement to a "friendly" link-up, Banco de Bilbao is expected to press ahead with a public bid.

The bid, the first ever by one Spanish bank for another, would involve at least 25 per cent of Banesto's nominal pta32.6bn ($288m) equity capital. Banesto shares were last traded in Madrid at 900 per cent of par.

A merger would create for the first time a single dominant banking group in Spain, and possibly the largest Spanish company in terms of stock market capitalisation. Banesto and Banco de Bilbao are respectively the second and third largest banks in Spain in terms of assets.

The two groups are seen as complementary in some aspects, especially as regards potential action outside Spain. Bilbao - with a network of foreign branches and a 5 per cent stake in Hambros, the UK merchant bank - is one of the most international of Spanish banks, and Banesto one of the least.

However, the problem of overlapping branch networks - Banesto has some 2,200 in Spain and Bilbao more than 1,300 - stands in the way of a rapid merger. Both the main communist and socialist trade unions warned that they would fight any job cuts resulting from the planned link-up.

Bankers suggested that Banco de Bilbao's initial action might be limited to a shareholding position, on the lines of Hongkong and Shanghai Banking Corporation's recent purchase of a 14.9 per cent stake in Midland Bank of the UK, followed by step-by-step joint initiatives.

The surprise bid has meanwhile sparked fresh speculation about other mergers between banks keen to defend themselves against an invasion by EC competitors after 1992, when transition arrangements end.

Gotabanken deputy head quits

BY SARA WEBB IN STOCKHOLM

MORE HEADS have rolled in Sweden's banking and financial community as a result of the options trading scandals.

At Gotabanken, Sweden's fourth largest publicly quoted commercial bank, responsibility for the bank's estimated SKr300m ($49m) losses on options trading which are expected to halve 1987 profits has been taken by Mr Ulf Lignell, the deputy managing director, and Mr Goran Larsson, head of the investment banking division.

Mr Lignell is leaving his posts as deputy managing director and head of the credit division, but will continue to act as one of the eight vice presidents in the bank - effectively a move sideways - reporting directly to Mr Gunnar Malmenstrom, the managing director.

Mr Larsson is resigning as head of the investment banking division in December. In future, the head of this division will have to report directly to the board of directors, the bank said.

Senior management at Folksam, the country's third largest insurance group, was strongly criticised this week by the Insurance Inspector for allowing losses of SKr277m in 1986-87 in futures and bond options trading.

The group, which expects net premium income this year to total SKr6.7bn with profits on non-life business reaching SKr475m, said that its finance manager, Mr Anders Unnerstad, resigned last week because of the scandal.

However, in addition to Mr Unnerstad, the Insurance Inspector criticised Mr Hans Dahlberg, the managing director, and members of the Folksam board, who include Mr Stig Malm, leader of the Swedish Trade Union Confederation and one of the most bitter opponents of the Swedish yuppy-dominated financial markets and their well-healed players.

Mr Malm has chosen to keep rather quiet and refrain from criticising the "financial whelps" (as he likes to call them) since it transpired this week that he had been informed about Folksam's large losses.

Renouf censured over Impala bid

BY OUR FINANCIAL STAFF

MR BRUCE JUDGE, the Australasian entrepreneur, yesterday encountered further discomfort arising from the reshape in recent months of his corporate empire.

The New Zealand Stock Exchange said it had severely censured Renouf, a merchant bank of which his Ariadne Australia has been seeking to resume control, for failing to inform markets about its abandoned offer for Impala Pacific, Ariadne's Hong Kong affiliate.

Meanwhile Kupe, an offshoot of Judge Corporation - which itself has acted as another main New Zealand repository for Mr Judge's interests - has required its parent to take a further NZ$36.4m (US$22.5m) loss arising from intra-group investments which have gone sour in the wake of the equity markets collapse.

Kupe said it had exercised a put option requiring Judge to buy back 13.6m shares in Ariadne for the purchase price of A$41.2m (US$28.6m). Ariadne shares have fallen from a peak of A$4 to 55 cents, and on Tuesday the company launched a one-for-two rights issue to raise A$120m.

The previous day Mr Judge failed to gain re-election to the Renouf board, after previously agreeing to stand down as Judge Corp chairman.

The NZ Stock Exchange said yesterday that while the board had since changed, the authorities wanted to emphasise their determination to make directors aware of their obligation to maintain an informed market. Announcements made by Renouf to the exchange will now have to be signed by a majority of the directors.

The move follows a strong statement by the Hong Kong Takeovers Committee that Renouf's failure to give it prior explanation for withdrawing the Impala bid was unjustified and misleading.

● **Adelaide Steamship** said it had settled its differences with Mr Robert Holmes a Court's Bell Group over a shortfall in an options deal involving Broken Hill Proprietary shares. Details were not disclosed but Mr Ken Russell, Adsteam chairman, added that there would be no material effect on either company.

Deckel to cut payout after fall in business

By Andrew Fisher in Frankfurt

DECKEL, THE largest West German machine tool manufacturer, will be paying shareholders a lower dividend this year after a drop in new orders and turnover.

The company, the latest German manufacturer to report slack business conditions following Siemens' surprise dividend cut earlier this week, said its order inflow fell by 19 per cent to DM 332m ($195m) in the first nine months of 1987. Turnover was down by 14 per cent to DM 384m.

For the full year, Deckel expects its sales to total DM520m, a decline of about 7 per cent on the DM560m achieved in 1986. The company usually experiences a strong fourth quarter.

Deckel has already indicated that the payout for this year would be lower than the DM7 per share of 1986. This included a DM1 bonus after pre-tax profits rose to DM24m (DM22.5m). In 1982, it made a DM14m loss.

Mr Leif Lundkvist, Deckel's Norwegian chairman, said: "We've seen a steady slowdown since the summer vacation. Business just didn't pick up as we thought it would."

Customers were now delaying investments in the prevailing financial uncertainty. "All capital goods manufacturers will feel it sooner or later."

Deckel did not indicate whether the dividend would settle back to the DM6 level of 1985 - shareholders received nothing in the previous three years - or be cut further. Profits are expected to fall in line with turnover.

For 1988, Deckel said: "We have to be prepared for sluggish sales and earnings growth." Just over 40 per cent of its orders are for export, predominantly in western Europe. Shares of the company, controlled by the Deckel family, are quoted in Munich and Frankfurt.

Many of the company's German customers such as suppliers to the car and aerospace sectors, were now experiencing harder times, noted Mr Lundkvist.

Bain sheds staff

BAIN & CO, the Australian stockbroker, has shed about 7 per cent of its staff because of a halved volume of equity business following the market collapse, our financial staff writes. Mr Maurice Newman, chairman said the 50 employees were to go because the firm did not see activity picking up for at least six months.

WORLD COMMODITIES PRICES

LONDON MARKETS

COPPER prices were pared back on the London Metal Exchange yesterday in response to sterling's rise against the dollar. The cash Grade A position hadbreached the recent high with a rise to £1,472.50 on at Wednesday's close, but that was trimmed by £7 on Thursday and by another £23 yesterday. Standard grade aluminium fell by a similar amount yesterday, following Thursday's £30 decline, but still ended the week with a net £15 gain as investors returned following the heavy sell-off prompted by the equity crash. Cash nickel's £25 rise took the advance on the week to £97.50 a tonne, and has now recovered most of the post-crash setback. Dealers attributed yesterday's rise to sound fundamentals which encouraged further buying by chart-followers and European merchants. The only LME base metal to lose ground on the week was zinc, which ended £9 down in the cash position after a £2.50 fall yesterday.

SPOT MARKETS

Crude oil (per barrel FOB December)		+ or -
Dubai	$16.40-16.50	+0.05
Brent Blend	$17.72-17.77	+0.17
W.T.I.(1 pm est)	$18.80-18.85	+0.325
Oil products (NWE prompt delivery per tonne CIF September)		**+ or -**
Premium Gasoline	178-180	-1.5
Gas Oil	158-160	
Heavy Fuel Oil	82-83	-1
Naphtha	150-152	
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♦	$464.50	-0.50
Silver (per troy oz)♦	652c	-8
Platinum (per troy oz)	$503.25	+0.25
Palladium (per troy oz)	$114.50	+2.00
Aluminium (free market)	$1700	-40
Copper (US Producer)	107-117c	
Lead (US Producer)	42.00c	
Nickel (free market)	278c	+2

COCOA £/tonne

	Close	Previous	High/Low
Dec	1082	1083	1086 1075
Mar	1110	1113	1115 1105
May	1129	1131	1135 1125
Jly	1148	1151	1153 1146
Sep	1166	1170	1173 1166
Dec	1194	1194	1198 1190
Mar	[illegible]	[illegible]	[illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	1700-20	1690-700		1690-710		
3 months	1675-85	1720-40	1700/1690	1670-80	unquoted	2,349 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 28,475 tonne

US MARKETS

With the exception of platinum, the precious metals ended firmer on late commission house and bank buying which touched off stops, reports Drexel Burnham Lambert. Trade scale-up selling was noted. Platinum eased initially, recovered with gold and silver, but fell on late selling. Copper continued to weaken as traders liquidated longs. Crude oil firmed on short-covering by the trade in the expiring December contract. Commission houses buying firmed the products. Sugar and cocoa ended firm against the weaker US dollar. Cotton featured position-squaring in the expiring December contract: the trade buying December against March while commission houses sold. Live cattle futures were quiet but firmed in response to cash strength. Hogs were sharply higher on higher cash prices, especially for the products. Pork bellies were also firm, but an over-supply in the face of week demand held the market in check. Soyameal rose on expectations of good export business, while beans firmed as it was revealed that the Government's inventory had diminished significantly.

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
Dec	127.80	129.25	129.50 127.80
Mar	131.47	132.78	133.25 131.40
May	133.16	134.42	134.85 133.15
Jly	134.77	135.76	136.00 134.75
Sep	136.29	137.78	136.60 136.50

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Nov	469.6	465.0	466.0 466.0
Dec	470.3	465.8	470.9 464.0
Jan	473.3	466.8	0 0
Feb	476.2	471.8	477.0 470.0
Apr	481.9	477.5	483.0 476.4

Chicago

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
Dec	17.69	17.43	17.78 17.41
Jan	17.90	17.63	18.00 17.61
Mar	18.28	17.98	18.37 17.98

WORLD STOCK MARKETS

WALL STREET

Blue chips post slight gains

THE STOCK market was mixed with blue chips holding a slight gain, but with the broader market under pressure. Optimistic comments on the budget deficit cutting plan rallied the market at midday, but Senator Packwood, calling the cuts a "pittance," deflated enthusiasm.

The Dow Jones industrial average rose two points to 1,898. Declines led advances seven to five, on volume of 131m shares.

Clark Equipment rose on a Merrill Lynch recommendation and expected less competition due to a dumping controvercy, from Japanese equipment makers. The stock gained $2½ to $24.

CANADA

Toronto stock prices were mixed at midsession after a broad rally attempt helped to wipe out sharp losses in the early going.

After sliding more than 29 points at the opening, the composite index was up 1.90 points at 2,889.30 on busy turnover of 14,849,901 shares.

However, losing issues outnumbered gaining stocks. In the industrials there were 318 losing stocks compared to 163 advancing issues.

Encor Energy, off C$¼ at C$8⅝, topped the oils active list on turnover of 292,635 shares. Dome Petroleum said it would not tender its 42.5m Encor shares in TransCanada's C$8.75-a-share bid.

Wharf Resources was halted on the Toronto Exchange at C$5⅜ pending release of news.

On the active list, Canadian Pacific was unchanged at C$19¼, Alcan gained C$¼ to C$31⅛, Seagram eased C$1½ to C$71½, and Shell Canada dropped C$⅜ to C$29⅜.

TOKYO

Share prices were mixed in very thin trade due to a reluctance to trade ahead of a three-day weekend and uncertainty over the outcome of U.S. talks on cutting the federal budget deficit.

The 225-share price index gained 36.76 points to 22,705.56. On Thursday, the index shed 65.69 points. Declines led advances almost four to three in turnover of 350m shares against 700m on Thursday.

Deficit cuts of at least $30bn for the current U.S. fiscal year are expected.

Communications, pharmaceutical, real estate, retail, fisheries, textile and pulp/paper gained. But securities house, bank, insurance and airline shares lost.

Export-related electronics and general manufacturing stocks were slightly higher due to a stable dollar.

Nippon Telegraph and Telephone (NTT) stocks rose Y20,000 to Y2.67m.

AUSTRALIA

The Australian share market ended sharply lower, following renewed falls on Wall Street and London and continuing concern over the lack of progress in U.S. budget deficit talks.

At the close, the All Ordinaries index was 27.3 points down at 1,256, the All Industrials lost 39.7 to 1,952.4, the gold marker fell 51.1 to 1,851.5 and the All Resources shed 17.7 to 722.6.

National turnover was a thin 101.97m shares worth A$137.88m, and falls outnumbered rises by more than two-to-one.

Losses were widespread in spite of slightly firmer commodity prices, with all attention again focused on Bell, BHP and Elders IXL.

The Bell Group fell 30 cents to A$1.95 and Bell Resources lost 10 cents to A$1.80 on turnover of 3.63m shares. BHP was up six cents to A$7.10 and Elders two cents to A$3.02.

Entrepreneurs, property trusts and transport scrip were hardest hit among leading industrials.

IEL dropped 15 cents to A$1.90, Adsteam seven cents to A$4.78 and Ariadne five cents to A$55. Of the banks, the National Australia Bank slid 15 cents to A$4.35, Westpac 13 cents to A$4.62 and the ANZ five cents to A$3.60.

HONG KONG

In spite of share prices closing sharply lower, support from local institutions kept the Hang Seng index above the psychologically important 2,200 level.

The index ended 42.90 points lower at 2,214.70, after sliding below the 2,200 level in early trading.

Sentiment was hurt by uncertainty over U.S. efforts to cut its budget deficit and losses on Wall Street and in Tokyo. Many investors kept to the sidelines to await the results of yesterday's talks between the White House and Congressional leaders. Concern over U.S. pressure on Hong Kong and other large exporters to curb their trade surplus with the U.S. also undermined sentiment.

Hutchison Whampoa topped the active list, losing 20 cents to HK$7.20 while its corporate parent, Cheung Kong, lost 15 cents to HK$6.90. Hk Bank was steady at HK$7.10.

Hk Land was also active, falling 25 cents to HK$7.70 but recent speculation of a takeover eased. Jardine Matheson, which has an indirect 26 per cent stake in the firm, shed 40 cents to HK$10.20 dlrs. Stock turnover slowed to HK$972.2m from Thursday's HK$1.04bn.

SINGAPORE

The stock market closed weak, as share prices continued to ease on profit-taking and stoploss selling in quiet trading.

The official Straits Times industrial index was not available but according to calcultions made by Overseas Union Bank Ltd, the index lost 4.20 points to 824.23 from Thursday's close of 828.43.

Sentiment remained cautious and most investors were keeping to the sidelines awaiting further news from Washington on talks over the U.S. budget deficit.

Sime Darby was the most active stock on 1.2m shares. It lost one cent to S$1.89. UOB shed eight cents to S$4.72 on 1.02m shares exchanged.

Elsewhere, Cerebos fell 12 cents to S$4.10, Singapore Airlines 10 cents to S$9.20, Genting 10 cents to S$3.76, Perlis Plantations eight cents to S$3.84, Fraser and Neave five cents to S$7.20, Singapore Press five cents to S$6.80 and Rothmans Malaysia four cents to S$4.52.

FRANKFURT

Share prices ended a nervous bourse sharply lower and near the worst levels of the day, with the dollar fall and continued uncertainty over U.S. budget reduction talks depressing sentiment.

Turnover was small but even slight selling was sufficient to push prices down sharply. Chemicals, autos and banks were particularly hit.

"There is no recovery in sight as long as there is no solution to the U.S. budget problem," one dealer said. Others added that with the dollar likely to fall further next week, the outlook for German shares remained depressing.

The Commerzbank index dropped 29.4 points or 2.2 per cent to 1,325.7 points. The Boersen-Zeitung index fell 7.6 points or 2.7 per cent to 276.22.

Deutsche Bank slumped DM19.50 to end at DM430, Dresdner fell DM7 to DM231.50, Commerzbank shed DM7.50 to DM217.50 and Bayernverein dropped DM8 to DM322. Bayernhypo bucked the trend and rose DM2 to DM318.

Insurer Allianz shed DM30 to DM1,030. In autos, Daimler slumped DM29 to 631, BMW shed DM18.50 to DM420, VW fell DM4.60 to DM260.40 and Porsche plunged DM58 to DM413.

Closing prices for North America were not available for this edition.

NEW YORK

[illegible]

CANADA

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

SOUTH AFRICA

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

SINGAPORE

[illegible]

Indices

NEW YORK — DOW JONES

[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

FOREIGN EXCHANGES

Dollar recovers in thin trading

THE DOLLAR finished almost at the day's highs and was slightly up from Thursday's closing levels. However traders became more and more disillusioned about the lack of agreement on current talks to cut the US budget deficit. Despite various announcements, suggesting that an agreement was about to be reached, traders were rather weary as the week ended, having been led to believe that some form of agreement had been around the corner for the best part of a week.

Consequently the dollar fell away during the early part of the day but baulked at pushing through record lows established earlier this month. Proximity of the weekend and general uncertainty kept most people on the sidelines.

An automatic cut of $23bn through the Gramm-Rudman amendment was seen as inevitable and also insufficient but the mood of the market was such that any news of an agreement was likely to prompt some sort of dollar mark up even though a pause for thought would probably result in a lower trend.

The dollar closed at DM1.6825 from DM1.6800 and Y135.40 compared with Y135.15. Elsewhere it rose to SFr1.3805 from SFr1.3770 and FFr5.71 from FFr5.6975. On Bank of England figures, the dollar's exchange rate index fell from 96.5 to 96.3.

Sterling recorded further gains against European currencies but was down against the dollar at $1.7790 from $1.7805. Against the D-Mark it rose to DM2.9925 from DM2.9900. Against the yen it was unchanged at Y240.75. Elsewhere it improved to SFr2.4550 from SFr2.4525 and FFr10.1575 compared with FFr10.1450. Its exchange rate index rose to 75.7 from 75.6 at the opening and 75.4 on Thursday.

D-MARK-Trading range against the dollar in 1987 is 1.9305 to 1.6590. October average 1.8011. Exchange rate index 151.1 against 147.7 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM1.6747 from DM1.6791 on Thursday.

JAPANESE YEN-Trading range against the dollar in 1987 is 159.45 to 134.20. October average 143.27. Exchange rate index 228.2 against 225.6 six months ago.

The absence of any conclusion to talks centred on cutting the US budget deficit meant that currencies traded in a narrow range in Tokyo. Trading was low in volume and nervous, with the dollar closing at Y135.35, unchanged from New York and down slightly from Thursday's Tokyo close of Y134.85.

£ IN NEW YORK

Nov 20	Latest	Previous Close
£ Spot	1.7795-1.7805	1.7770-1.7780
1 month	0.30-0.29pm	0.30-0.29pm
3 months	0.63-0.60pm	0.64-0.62pm
12 months	1.80-1.70pm	1.83-1.76pm

Forward premiums and discounts apply to the US dollar

POUND SPOT- FORWARD AGAINST THE POUND

Nov 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7785-1.7995	1.7785-1.7795	0.31-0.29cpm	2.02	0.67-0.63pm	1.46
Canada	2.3377-2.3587	2.3390-2.3400	0.18-0.09cpm	0.69	0.21-0.10pm	0.27
Netherlands	3.36-3.37½	3.36¼-3.37¼	1¼-1cpm	4.01	3¼-3pm	3.71
Belgium	62.05-62.87	62.05-62.15	13-10cpm	2.22	33-27pm	1.93
Denmark	11.50¼-11.55	11.53¼-11.54¼	1¼-2oredis	-1.69	3¼-4¾dis	-1.45
Ireland	1.1150-1.1300	1.1260-1.1270	0.05pm-0.01dis	0.21	par-0.15dis	-0.27
W. Germany	2.98¼-2.99¾	2.98¾-2.99¾	1½-1¼pfpm	6.02	3¾-3⅝pm	4.93
Portugal	239.94-243.70	239.95-240.95	100-150cdis	-6.24	325-425dis	-6.24
Spain	200.94-201.76	200.95-201.25	80-115cdis	-5.82	170-190dis	-3.58
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.72
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-5.86
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.44
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.42
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.57
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.89
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.89

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar 1.19-1.14cpm. 12-month 1.83-1.73cpm

STERLING INDEX

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Nov 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.46
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.61
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.21
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.46
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.63
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.45
W. Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.12
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.73
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.26
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.54
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.32
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.83
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-2.02
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.12
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.38
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.45

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. [illegible]

CURRENCY RATES

[illegible]

*CS/SDR rate for Nov.19 1.77092

EURO-CURRENCY INTEREST RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

Nov. 20	£	$
[illegible]	[illegible]	[illegible]
Korea(Sth)	1411.35-1424.15	794.70-801.10
Kuwait	0.49850-0.49950	0.27835-0.27850
Luxembourg	62.05-62.15	34.85-34.95
Malaysia	4.4300-4.4800	2.4935-2.4965
Mexico	4580.05-4672.45	2550.00-2600.00
N. Zealand	2.8975-2.9025	1.6145-1.61701
Saudi Ar.	6.7200-6.7260	3.7490-3.7500
Singapore	3.6100-3.6800	2.0255-2.0275
S. Af (Cm)	3.5340-3.5500	1.9685-1.9745
S. Af (Fn)	5.4530-5.6290	3.0305-3.1250
Taiwan	52.60-52.90	29.65-29.75
U.A.E.	3.6725-3.6735	6.5825-6.5885

*Selling rate

EXCHANGE CROSS RATES

Nov 20	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	4.154	7.389	12.43	1000.	42.19	18.20	13.99	9151.	9.718	257.9
F Fr.	0.984	1.751	2.946	237.0	10.	2.417	3.315	2169.	2.303	61.14
S Fr.	0.407	0.725	1.219	98.07	4.137	1.	1.372	897.4	0.953	25.30
H Fl.	0.297	0.528	0.889	71.49	3.016	0.729	1.	654.2	0.695	18.44
Lira	0.454	0.808	1.358	109.4	4.611	1.114	1.529	1000.	1.062	28.19
C $	0.427	0.760	1.279	102.9	4.342	1.049	1.439	941.7	1.	26.54
B Fr.	1.610	2.865	4.819	387.7	16.36	3.953	5.423	3548.	3.767	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

UK rates slightly lower

INTEREST RATES were a little lower in London yesterday as traders remained hopeful of another cut in base rates. The fall in some longer term rates was noticeable but not too punchy although sterling continued to register further gains and equity markets showed renewed signs of falling out of bed.

Encouragement came as the Bank of England helped to relieve some of the shortage through sale and repurchase agreements which was seen as a slightly more accomodative method than had been expected. Consequently the mood of the market appeared to be centring on the possibility of an early cut in base rates as three-month Treasury bills were trading a full quarter of a point below the Bank's dealing rates.

UK clearing bank base lending rate 9 per cent from November 5

Three-month interbank money was quoted at 9-8⅞ p.c., unchanged from Thursday. Weekend money traded between 9⅜ p.c. and 2 p.c.

The Bank of England forecast a shortage of around £700m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £449m and a rise in the note circulation of £280m. In addition banks brought forward balances £55m below target. These were partly offset by Exchequer transactions which added £70m.

The forecast was revised to a shortage of around £750m and the Bank gave assistance in the morning of £280m through outright purchases of £9m of local authority bills and £104m of eligible bank bills in band 1 at 8⅞ p.c. and in band 2 £91m of eligible bank bills at 8⅞ p.c. In addition it arranged sale and repurchase agreements on £76m of bills at 8[15/16] p.c., for resale to the market in equal amounts on December 7 and 14.

A further revision took the forecast to a shortage of around £700m, before taking into account the morning help and the Bank gave additional assistance in the afternoon of £301m through outright purchases of £96m of eligible bank bills in band 1 and £205m in band 2 all at 8⅞ p.c.

Late help came to £85m, making a total of £666m.

Sentiment remained relatively relaxed as the average rate of discount at the weekly Treasury bill tender fell to 8.4431 p.c. from 8.5170 p.c. The £100m of bills on offer attracted bids of £833m compared with £672m for a similar amount the previous week and all bills on offer were alloted. The minimum accepted bid was £97.895 against £97.865 and all bids at that level and above were met in full compared with 6 p.c. the previous week. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.20) 3 months US dollars		6 months US Dollars	
bid 7⅜	offer 7½	bid 7⅜	offer 7½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8.75
Broker loan rate	8.00
Fed.funds	6⅝
Fed.funds at intervention	6⅞

Treasury Bills and Bonds			
One month	4.79	Three year	7.92
Two month	5.09	Four year	8.14
Three month	5.82	Five year	8.33
Six month	6.58	Seven year	8.58
One year	6.85	10-year	8.80
Two year	7.66	30-year	8.99

September 22	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.45-3.55	3.55-3.70	3.80-3.95	3.85-4.00	3.95-4.10	4.50
Paris	8.5625	8.6875	8.75	8.8125	8.9375	8.25
Zurich	1.00	2.875	-	3.875	-	-
Amsterdam	4.75	4.9375	-	5.125	-	-
Tokyo	3.40625	3.84375	-	3.96875	-	-
Milan	10.25	11.25	-	11.625	-	-
Brussels	4.95	6.6875	-	6.9375	-	-
Dublin	8.125	8.9375	9.125	9.25	9.50	-

LONDON MONEY RATES

Nov.20	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	9.375	9.125	9.0625	9.00	9.00	9.125
Interbank Bid	2.00	8.875	8.875	8.875	8.875	9.00
Sterling CDs	-	-	8.9375	8.8125	8.75	8.75
Local Authority Deps.	8.9375	8.9375	8.9375	8.9375	8.9375	9.00
Local Authority Bonds	-	-	9.4375	9.4375	9.50	9.5625
Discount Mkt Deps.	7.8125	8.75	8.75	8.00	-	-
Company Deposits	8.75	9.25	9.125	9.125	9.125	9.125
Finance House Deposits	-	-	8.9375	9.00	9.00	9.125
Treasury Bills (Buy)	-	-	8.84375	8.625	-	-
Bank Bills (Buy)	-	-	8.84375	8.625	8.9375	-
Fine Trade Bills (Buy)	-	-	9.46875	9.25	9.046875	-
Dollar CDs	-	-	6.95-6.90	7.35-7.30	7.40-7.35	7.90-7.85
SDR Linked Dep Offer	-	-	6.125	6.50	6.5625	6.6875
SDR Linked Dep Bid	-	-	5.875	6.25	6.3125	6.4375
ECU Linked Dep Offer	-	-	7.00	7.25	7.25	7.4375
ECU Linked Dep Bid	-	-	6.875	7.125	7.125	7.3125

Treasury Bills (sell): one-month 8[?] per cent; three months 8[?] per cent; Bank Bills (sell): one-month 8[?] per cent; three months 8[?] per cent; Treasury Bills: Average tender rate of discount 8.2877 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day OCTOBER 30, 1987. Agreed rates for period NOVEMBER to DECEMBER, 1987, Scheme I: 11.36 p.c., Schemes II & III: 11.29 p.c. Reference rate for period OCTOBER 1 to OCTOBER 30, 1987, Scheme IV: 10.094 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10.5 from NOVEMBER 1, 1987: Bank Deposit Rates for sums at seven days notice 3-3.5 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7.5 per cent; one-three months 8.00 per cent; three-six months 8.00 per cent; six-nine months 8.00 per cent; nine-twelve months 8.00 per cent; Under £100,000 8.00 per cent from November 5, Deposits withdrawn for cash 5.00 per cent.

Equities rally towards end of the session

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 26	Nov 5	Nov 6	Nov 16
Nov 9	Nov 19	Nov 20	Nov 30
Nov 23	Dec 3	Dec 4	Dec 14

*New time dealings may take place from 9.00am two business days earlier.

FINANCIAL TIMES STOCK INDICES

	Nov. 20	Nov. 19	Nov. 18	Nov. 17	Nov. 16	Year Ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	91.03	90.89	90.70	90.74	90.28	87.00	93.32 (18/5)	83.73 (19/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.64	95.28	95.64	95.34	95.20	88.15	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1285.7	1289.9	1309.3	1310.6	1325.6	1274.2	1926.2 (16/7)	1232.0 (9/11)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	287.2	296.9	285.5	284.0	288.2	311.6	497.5 (4/8)	261.6 (6/11)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.82	4.80	4.75	4.73	4.66	4.46				
Earnings Yld. % (full)	11.93	11.86	11.70	11.68	11.51	10.33				
P/E Ratio (net)(*)	10.25	10.30	10.45	10.47	10.62	11.83				
SEAQ Bargains (5pm)	28,924	22,180	24,702	26,011	36,342	34,762				
Equity Turnover (£m)	-	888.29	1818.04	1072.92	1301.55	1243.87				
Equity Bargains	-	25,130	29,735	30,235	40,722	43,848				
Shares Traded (ml)	-	437.9	646.5	658.2	657.3	500.3				

S.E ACTIVITY

Indices	Nov.19	Nov.18
Gilt Edged Bargains	203.1	120.2
Equity Bargains	162.8	192.7
Equity Value	2795.5	3674.7
5-Day average		
Gilt Edged Bargains	119.5	126.6
Equity Bargains	230.3	273.5
Equity Value	2580.9	2904.4

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1268.8	1272.4	1275.4	1279.1	1277.0	1266.6	1267.3	1276.9

Day's High 1285.7 Day's low 1266.0

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.10.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

AFTER A SESSION spent struggling against the protracted uncertainty surrounding the US budget deficit negotiations in Washington, UK stocks staged a successful rally in late trading. London benefited from Wall Street's success in reversing an early loss as reports from the budget discussions became more optimistic.

An early loss of 33 points in the FT-SE Index was cut by two thirds towards the close of the session, but turnover was extremely low. London was upset by the delay in a US budget accord as the Gramm-Rudman deadline approached, and also by the renewed slide in the dollar, although this abated towards the end of the day.

For much of the session, the pound stood at $1.79, and one analyst told radio listeners that a $2.00 pound might return to haunt Britain's exporting firms. The City was also disturbed by the admission by Barclays de Zoete Wedd, one of the largest securities firms created by last year's Big Bang restructuring of the London marketplace, that it had lost $18m this year to date after the Black Monday setback wiped out profits for the opening six months.

At the day's low, the FT-SE Index was barely six points above the 1600 mark which is regared as an important testing level. "Below 1600, there is little to stop a slide to 1500, and not much below that", commented one analyst.

However, the late rally took the FT-SE 100 Index to 1633.4, to show a net fall on the day of 5.7 points, and bring some relief to an equity market still short on confidence.

Low trading volume is one reason for uncertainty. Yesterday's share trading total of 472.5m compared with 800m daily a week ago, and 320m shares traded in BP "new" alone on Wednesday.

Most of the blue chip exporters closed on the downside, gaining little respite from a softening of upward pressures on the pound in late trading. **Glaxo** and **ICI** gave ground, while among the financial issues, **Midland**, with interest now overshadowed by the plan for Hongkong and Shanghai to take a stake, slid lower in thin trade.

Government bonds, once again moving in direct contrast to equities, opened firmer as the delays in the US budget talks revived the possibility that "investment cash might fly out of equities and into Government paper.

By mid-session, gains ranged to ⅜ at the longer end, although there was not much retail interest. Then, as reports from the Washington budget negotiations turned brighter, Gilts slowly gave back their gains to end little changed on the day.

There was a flurry in the Index-linked (IL) sector, where yields are linked to inflation rates, which enabled the authorities to sell the Treasury 2½ pc 2001 tap stock on two occasions - at 108 24/32 and then at 108 26/32.

Some traders hope to see the IL tap activated at 109 on Monday. But retail holders were selling stock yesterday and prices closed ⅛ down on the session. One trader, lacking a large retail business, appears to have bought the tap without being aware of the absence of retail support.

British Aerospace enjoyed a fair measure of interest (5.4m shares changed hands) and closed 9 higher at 145p as the company renewed its bid for British Caledonian. The terms of the latest share exchange offer (22 B-Cal for 115 in BA) are identical to the original.

However, since the sharp reaction in share markets, the bid values B-Cal at around £147m on Thursday's closing price of 136p compared with the first offer worth about £277m which lapsed pending a Monopolies and Mergers Commission probe. The new terms also contain a cash alternative of £5.75 a share. The offer is not agreed, and other parties have reportedly shown interest in British Caledonian.

Guinness shares traded briskly before and after the news that the board was to seek authority from stockholders to buy in 10 per cent of its own shares. The decision was made in the light of the possible consequences of the recent ruling by the Takeover Panel which, if allowed to stand, could materially effect the group's financial position.

A spokeman said the proposal had been under consideration even before the stock market crash but the meeting to approve it was held yesterday. He declined to say when share purchases might start, or to comment on the possible cost of losing its legal action against the Panel, estimated at around £100m. The shareholders meeting will be held on December 16. After rising to 239p, the shares closed 6 higher on the sesion at 237p.

Barclays came under pressure early in the session after it revealed that its securities arm, BZW, had made a loss of £18m over the year, thereby inferring that BZW had suffered substantial losses during the recent stock market plunge.After slipping back to 420p BZW later rallied and closed 3 upon balance at 433p.

Midland dropped 13 to 375p following a report that M & G could well be opposed to the Hong Kong & Shanghai Bank taking a 14.9 per cent stake in the UK bank.

Revived stories that **Standard Chartered** could be on the verge of selling its US subsidiary Union Bancorp to a US bank, failed to bolster Standard's shares which lost 10 to 460p.

The BZW news prompted widspread selling of merchant banks with market making operations. **Kleinwort Benson** fell 18 to 300p, **SG Warburg** 7 to 303p, **Schroders** 75 to 925p and **Morgan Grenfell** 5 to 243p. **Smith New Court**, the only quoted independent securities house, dropped 25 to 170p.

Worries over insurance claims arising from the Kings Cross underground station tragedy unsettled composite insurances. Third quarter figures from **Sedgwick** -$93m - were at the lower end of estimates and Sedgwick shares lost 2 to 185p, after 179p.

With **Guinness** the major play in the sector, other Breweries moved to the sidelines. At the end of an unusually low two-way trade **Allied-Lyons** were 4 dearer at 330p and **Whitbread "A"** finally a couple of pence firmer at 259p. Elsewhere, **Matthew Brown** slipped back 8 to 625p and **Matthew Clark** fell 5 to 415p.

Building descriptions were volatile and failed to display any set trend. Prices remained sensitive to any sizeable order, albeit buying or selling, and when overall sentiment improved late the leaders were no better than mixed. **Blue Circle** rose 6 to 335p on the theory that the shares appeared to be oversold while **BPB Industries** resisted rumours that a European group had applied for planning permission for a Kent plasterboard operation to close just a penny cheaper at 264p. **Redland** shed 5 to 360p despite the presence of a persistent buyer; some 800,000 shares were traded. **Costain** edged up 4 to 254p, but **Taylor Woodrow** slipped 10 to 312p. Among second-liners issues, **Polypipe** shed 8 to 139p following acquisition news; the company is buying pipe manufacturer Hayes Pipes for some £2m. **Vibroplant** with half-year figures due next Wednesday gained 10 to 475p.

Currency uncertainties depressed **ICI** which fell below the hoped-for resistance level of £10 to touch 985p prior to closing ⅛ lower at £10. Elsewhere, **Amersham International** added 7 at 354p amid vague stake-building rumours.

The stores sector ended a busy week on a quietly easier note. **GUS "A"** were persistently sold by a leading UK securities house and ended a net ½ off at £10½, after a recent profits downgrading, while **Marks and Spencer** remained unsettled by recent Press comment suggesting that sales are sluggish and fell away to 177p prior to closing a net 3 off at 181p.

Burton Group carried numerous "strong buy" recommendations and "best buy in the sector" accolades, notably from Wood Mackenzie, BZW, Phillips & Drew, County NatWest and Greenwell Montagu, but managed only a 2 rise at 232p after the excellentpreliminary figures announced on Thursday.

Next fell 10 to 265p after a higher than average turnover of 4.3m shares.

Telecom, reporting interims next Thursday - estimates are mostly around £1.12 bn to £1.13 bn - were unaltered at 219p. **Cable & Wireless**, lost 4 to 293p ahead of Wednesday's interims while a poor response to the recent results and numerous profits downgradings upset **Plessey** which fell 3½ more to 129p.

The resignations of the managing director and finance director because of "policy disagreements" triggered selling of **P-E International**, 9 lower at 185p.

Sound Diffusion rose 4 to 43p after the latest developmentsregarding the possible takeover of the company.

Engineers passed a relatively quiet traing session, but final quotations were usually against holders. Unlike most of the other leaders, **GKN** closed around the day's lowest with a fall of 12 at 265p, but the volume of trade was very small. **Hawker**, however, settled above the worst with a relatively modest lost of 5 at 419p.

Market makers reported little genuine trade in the Food sector and prices drifted gently lower for want of attention. **Cadbury Schweppes** eased 2 to 219p and **Rowntree Mackintosh** settled 8 off at 387p. **Tate and Lyle** shed 11 to 643p, but **Dalgety** held up well helped by ther chairman's bullish statement at the annual meeting and closed a penny dearer at 279p.

International stocks bore the brunt of an early setback as the US dollar came under further selling pressure. However, prices staged a welcome rally as the market pinned its hopes on a successful conclusion to the US Budget deficit talks. **Glaxo** mirrored the trend, closing unaltered at £10¾, after moving below £10 at one stage. **Beecham** finished little altered at 433p, after easing to around 426p. **Reed International**, however, provided one of the more outstanding movements, advancing strongly in a volume of some 3.3m shares to close 24 higher at 380p; inevitably, the movement gave rise to a revival of takeover talk.

Reuters B, a particular US favourite, fell away to 409, but recovered to finish at 422p, still down 16 on balance as sentiment was not helped by the announcement of a cut back in staff by Goldman Sachs, a leading Wall Street investment bank. Interest in **Blue Arrow** faded considerably (2.3m) with the shares drifting back to close 5 lower at 89p. **British Aerospace**, in contrast firmed 8 to 319p amid reports that the company company has agreed a Tornado missile contract with the Ministry of Defence.

Worries about future advertising trends took its toll on TV issues. Market makers noted a distinct lack of support for the shares and prices wilted with **TV-am** falling 23 to 225p and **LWT** reacting 11 to 677p. **Scottish TV** gave up 15 at 333p and **Thames TV** shaded to 289p. **Ulster TV A** were 7 off at 91p. Profit-taking in the wake of the recent annual results clipped 4 from **Capital Radio** at 169p. **Chrysalis** shed 8 to 135p following the annual figures.

The erratic US dollar played havoc with the shares of Jaguar which dipped to 278p before rallying to close 6 higher on the day at 291p. Rover, however, succumbed late to end 11 down at 65p. Commercial vehicle **ERF** responded to the disclosure that Charterhall had built up a 4.86 per cent shareholding, rising 8 to 165p. Motor Component and Distributor issues both moved lower. **Lucas Industries** shed 9 to 496p while **D.C.Cook**, 165p, and **Jessups**, 175p, lost 10 apiece. **Lookers**, 253p, were similarly easier following the acquisition for £8.8m of Martins, a private motor distributor based in the North East. The transaction is to be financed by a cash payment and by the issue of new shares. Dealings in **Western Motor** resumed and the shares closed at 333p, compared with the suspension price of 438p.

Fears that **Maxwell Communications** could become embroiled in a contest for Bell & Howell, which has put up a "For sale" notice, unsettled market-makers. Few wished to increase their book positions and in thin trading the shares dipped to end 11 lower at 221p.

Leading Properties had a torrid time, with investors worried by the possibility of a slow-down in property development activity following the recent market slump.

Land Securities fell away to 428p prior to closing 17 lower at 433p. **MEPC** shed a similar amount to 425p, while losses of around 10 were sustained by **Peachey**, 325p, and **British Land**, 210p. **Brixton Estate** gave up 4 at 213p, as did **Slough Estates**, at 228p. Elsewhere, **Helical Bar** came under early selling pressure and dipped to 135p, however support at the lower level left the price 15 lower on balance at 152p. **De Morgan** continued to respond to the interim results and gained 22 more to 90p a two-day rise of 27.

Overshadowed by currency worries initially, **Bat Industries** fell away to around 418p, but in line with the other international stocks, recovered strongly to settle only a few pence easier on the day at 433p. **Rothmans**, in contrast, were firm throughout the trading session and closed 6 to the good at 361p; the interim figures are scheduled for next Thursday.

Rather mixed views on **British Gas'** interim results saw the shares slip back to 129p early in the day but a late rally carried the share price up to 132p by the close - a net gain of 3.

Business in **BP** "old" and "new" came out at 12m and 34m shares respectively but bore no relation to the massive turnover which took place early in the week when the Kuwait Investment Office doubled its stake in the company to 10.06 per cent. The "new" closed a ½ up at 79p and the "old" 2 firmer at 252p.

Traded option business picked up with a total of 28,437 contracts transacted comprising 16,836 calls and 11,601 puts. **British Gas** attracted 2,800 calls and 354 puts. **Hanson Trust** registered 1,581 calls and 1,563 puts. **Plessey** recorded 1,722 calls and 1,638 puts and the **FTSE** contract attracted 651 calls and 1,574 puts.

Traditional Options

● First dealings Nov 16● Last dealings Nov 27● Last declarations Feb 18● For Settlement Feb 29 *For rate indications see end of London Share Service*

Interest broadened a little in the Traded Options market. Stocks to attract money for the call included **Standard Chartered, Blacks Leisure, C.H. Beazer, Control Securities, Aran Energy, Lasmo, Barratt Developments, Bell Resources, Campari, Dares Estates and Cannon Street Investments.** No put or double options were reported.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jul.	Puts Jan.	Puts Apr.	Puts Jul.
Allied Lyons (*327)	300	47	60	73	25	23	30
	330	27	40	55	35	43	55
	360	15	27	38	55	65	68
Brit. Airways (*138)	130	23	28	30	12	21	23
	140	15	23	28	18	27	28
	160	6	15	20	32	35	42
[illegible]							

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
LASMO (*217)	200	40	53	-	18	30	-
	220	27	40	53	30	40	50
	240	20	33	45	43	53	62
P. & O. (*460)	420	65	85	-	20	25	-
	460	42	67	80	35	45	52
	500	27	50	58	62	75	85
[illegible]							

November 20 Total Contracts 28,437 Calls 16,836 Puts 11,601. FT-SE Index Calls 651 Puts 1,574. *Underlying security price.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (3).

BRITISH FUNDS (1) Treas. 2pc. IL 1988, BANKS (1) Hill Samuel, THIRD MARKET (1) Tomorrows Leisure.

NEW LOWS (128).

AMERICANS (11) CANADIANS (7) BANKS (5) BREWERS (3) BUILDINGS (4) CHEMICALS (4) STORES (3) ELECTRICALS (10) ENGINEERING (8) FOODS (3) INDUSTRIALS (18) INSURANCE (2) LEISURE (5) MOTORS (1) NEWSPAPERS (2) PAPERS (2) PROPERTY (5) TEXTILES (1) TRUSTS (24) OILS (1) MINES (7) THIRD MARKET (2).

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargain done with non-member or executed in overseas markets.

Corporation and County Stocks
No. of bargains included 6

London County 2½% Cons Stk 1920(or after) - £25 (17No87)
Greater London Council 6¾% Stk 90/92 - £89¾ 90¾
Birmingham District Council 11½% Red Stk 2012 - £105 (16No87)
Manchester Corp 1891 3% Red Stk 1941(or after) - £28 (17No87)
Salford Corp 5½% Red Stk 86/89 - £96

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

National Westminster Bank PLC 7% Cum Prf £1 - 68
9% Subord Uns Ln Stk 1993 - £100 (16No87)
12½% Subord Uns Ln Stk 2004 - £116¾
Royal Bank of Scotland Group PLC Warrants to sub for Ord - £0.6 (13No87)
5½% Cum Prf £1 - 50
11% Cum Prf £1 - 103 (16No87)
Smith St.Aubyn(Hldgs) PLC 9¾% Cum 2nd Prf £1 - 115 (13No87)
Standard Chartered PLC 12¾% Subord Uns Ln Stk 2002/07 - £112 ¾ ½ ¾ ½
TSB Group PLC Ord 25p - 105 6 6 7 7 8 ½ 9 9 10 ¾ ½ 1 1 1‡ 2 4
Warburg (S.G.) Group PLC 7½% Cum Prf £1

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Bund PLC 7% Cnv Uns Ln Stk 95/97 - £100½
Burgess Group PLC 6% Cum Prf £1 - 56 (13No87)
Burndene Investments PLC 15% Uns Ln Stk 2007/12 - £110 (13No87)
Burton Group PLC Wts to Sub for Ord Shs 1991 - 49
8% Uns Ln Stk 98/2003 - £82½ (13No87)
8% Cnv Uns Ln Stk 1996/2001 - £107 8 9 10 2
C.H.Industrials PLC 7% Cnv Cum Prf £1 - 185 5 (17No87)
Cadbury Schweppes PLC 8¼% 1st Mtg Deb Stk 94/2004 - £91 (16No87)
9% 1st Mtg Deb Stk 88/93 - £93 (13No87)
Caffyns PLC 10% Cum Prf £1 - 116 (17No87)
Cape Industries PLC 10% Deb Stk 86/91 - £97 (16No87)
Carclo Engineering Group PLC 10¼% Cum Red Prf £1 - 115 (17No87)
Centreway Industries PLC 11% Cum Prf £1 - 115¾ (16No87)
Centreway Trust PLC 11% Cum Prf £1 - 117 (16No87)
Channel Tunnel Investments PLC 5p - 125 30 5 40
Charringtons Industrial Hldgs Ld 10¼% Uns Ln Stk 93/98 - £101 (16No87)
Charter Consolidated PLC 2p(Br) (Cpn 46) - £4.84 (16No87)
Christy Hunt PLC 5% Cum Prf £1 - 37 (13No87)

Morgan Crucible Co PLC Refundable Dep Warrants to sub for Ord - £86 (16No87)
Morrison(Wm.)Supermarkets PLC 5¾% Cum Red Cnv Prf £1 - 93
Noll & Spencer Hldgs PLC Dfd Ord 10p - 10 (17No87)
Neill(James)Hldgs PLC 11% Deb Stk 92/97 - £105 (17No87)
Noble & Lund PLC 8% Cnv Cum Red Prf £1 - 113
Nobo Group PLC Ord 10p - 168 70
Normans Group PLC 8¾% Cnv Uns Ln Stk 99/04 - £90♦
Norsk Data AS Class "B"(Non Vtg) NK20 - £7.884737 8.1 .146067 DM24¼ NK88
North British Steel Group(Hldgs)PLC Ord 25p - 35 (16No87)
Northern Engineering Industries PLC 3% Cum Red Prf £1 - 39 (17No87)
5.375% Cum Prf £1 - 74 (16No87)
8¾% Uns Ln Stk 88/93 - £90 3 ⅞
Norton Opax PLC 6¼% Cnv Cum Red Prf 2002 £1 - 83 ½ 4
Pall Corporation Shs of Com Stk $0.25 - $24♦ 24¼♦ 24¾♦
Parker Knoll PLC Ord 25p - 600 (13No87)
Parkfield Group PLC 7% Cum Cnv Red Prf £1 - 240 (13No87)
Parkland Textile(Hldgs) PLC Ord 25p - 193
Paterson Zochonis PLC 7½% Cum Prf £1 - 91 (13No87)
10% Cum Prf £1 - 125
Pearson PLC 5.675% Uns Ln Stk 88/93 -

Financial Trusts, Land, etc

Oil

Insurance

Investment Trusts

Unit Trusts

Mines - Miscellaneous

Mines - South African

Property

Plantations

Railways

Shipping

Utilities

Water Works

USM Appendix

The Third Market Appendix
No. of bargains included 69

Kemp (P.E.) Hldgs PLC Ord 5p - 40 5
Propeller PLC Ord 1p - 48
Tomorrows Leisure PLC Ord 20p - 35

RULE 535 (4) (a)
Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACI International 125 (13/11)
Abitibi-Price 925,935 (13/11)
ACMEX Holdings 145♦ (13/11)
Acorn Securities 32♦28,30,31½, A$0.71 (18/11)
Albertson's Inc $24¾
America Barrick Resources Corp Com NPV £10¼ (18/11)
Ames Department Stores 602½♦ (16/11)
Ampol Exploration 112 (18/11)
Amsterdam Rotterdam Bank FL62.4♦ (16/11)
Anglo-Alpha Ord R13¾ (16/11)
Aust. Development 110 (16/11)
Aust. Foundation Inv 40 (18/11)
Aust. Oil & Gas 46 (18/11)
Basic Resources $0.25 (17/11)
Beach Petroleum 12♦12 (13/11)
C.S.F. (Thomson C.S.F.) FR820♦823.246♦£80.66 FR755 760,777½
Cadbury Schweppes Australia 85 A$2.28 (18/11)
Cape Range Oil 17♦ (13/11)
Central Minerals 68 (16/11)
Central Norseman A$1.505,1.65
Central Victorian Gold 6♦
Cheung Kong HK$6.9♦
Churchill Resources 15♦ (16/11)
Circle K Corp $$2.122
Community Psychiatric Centers $22⅝ (17/11)
Comet Aust A$0.069 (17/11)
Conic Investment Co 4.74 (16/11)
Cons. Petroleum Australia 4 (13/11)
Daikel Chemical Industries Y637.59
Dainippon Screen Manufacturing Y805 (16/11)
Devex A$0.385 (16/11)
Du Pont $83.725
Energy Oil & Gas A$0.143 (13/11)
Equity Silver Mines C$5 41 (13/11)
Far East Hotels & Entertainment 8½
Fraser & Neave 180 (17/11)
Free State Cons Gold Mines $13, R36¼
Golbalt Mines 47 (16/11)
Golconda Minerals 17,21
Gold Copper Explo. 4♦
Gratts Patch Mining A$0.28 (18/11)
Hang Lung Development HK$4.655♦
Hexcel Corp $33¼♦33½♦ (16/11)
Hudsons Bay C$18♦
Hunter Resources 25♦27♦25
Invincible Gold NL Ord 11 (13/11)
Japan Radio Y1200 (17/11)
Jones (David) A$6.438 (16/11)
Kerd Corp A$2.05 (13/11)
Keystone International $14¾♦ (13/11)
Kollmorgen Corp 63⅞ (18/11)
Kulim Malaysia Ord 34 (17/11)
Malaysian Airline System S$3.216
Matsushita Electric Industrial 850♦
Mid-East Minerals 15♦15 (16/11)
Mitsubishi Heavy Inds Y605.88,620 (17/11)
Mount Carrington Mines 76 (13/11)
National Electronics (Consolidated) 7♦6 HK$0.72
Nationale-Nederlanden CVA FL53 05♦52¾, 53.09,53.15,53.2,53.25
North Flinders Mines 275 (18/11)
Nugini Mining A$6.12
Oil Search 51
Oilmet 10
Oriental Petroleum & Minerals 15 (17/11)
Pargesa Hldgs SFR1466 825♦ (16/11)
Philips Kommunikations Industries DM605♦ (16/11)
Pioneer Electronic Corp. Y2415.325
Plenty River Mining Co 3½ (13/11)
Poseidon 120♦ A$3.01 (18/11)
Sky Line Exploris 350,362½
Societe Nationale Elf Aquitaine FR249♦252 38♦241,242,253
Source Perrier FR582.414 (18/11)
Strategic Minerals Corp 35 (17/11)
Sun Hung Kai Co 15½♦
Sun Hung Kai Properties 61.01♦ HK$8.512 (16/11)
Swire Pacific 'B' 34 (18/11)
Target Petroleum Ord 30
Target Petroleum 20♦22 (16/11)
Terrex Resources A$0 098 (17/11)
Vulcan Minerals 16 (18/11)
Wallace Computer Services £18¾♦18.95
Wharf Hldgs. HK$6.15,6.4 (17/11)
Westfield Minerals C$2.43♦
Zanex 3 (13/11)

RULE 535 (2)
Applications granted for specific bargains in securities not listed on any exchange

Adnams & Co. £16,17 (17/11)
Ann Street Brewery 700,50 (18/11)
Arsenal F.C. £650,70 (13/11)
Barbican Hldgs 4½
Berwick Group 34¾,5 (16/11)
Bolton House Invs. 80,5 (17/11)
Carraun 13 (13/11)
Channel Island Communications 100
Coulster Trust 120 (13/11)
Electrak Hldgs. 20 (17/11)
Fredericks Place Hldgs. 80,90 (18/11)
Gale (George) 140,50,5 (13/11)
Greenstar Hotels 39
Guernsey Gas Light 471 (18/11)
Guernsey Gas Light New 471 (18/11)
Jersey Gas 5% A Cum. Prf. 45
Kunick Leisure 46,8
Le Riches Stores 405
Norton Villiers Triumph 6½,7,½
Park Lane Hotel 720 (18/11)
Pewil Group 24½ (18/11)
Rangers FC £12½ (13/11)
Red Rose Radio A (Non/Vtg) 95 (13/11)
Severn Valley Railway 40
Southern Newspapers 315,25,30 (13/11)
Sutton Harbour Improvement 390 (13/11)
Thwaites (Daniel) 700,50 (16/11)
Utd Friendly Insce 710,25
Wadworth 10% Cum. Prf. 112,3½ (17/11)
Wolverhampton Racecourse 250 (13/11)
Wynstay Props 130 (18/11)

RULE 535 (3)
Dealings for approved companies engaged solely in mineral exploration

Kenmare Resources 23,4,6

By Permission of the Stock Exchange Council

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol	Nov 87 Last	Feb. 88 Vol	Feb. 88 Last	May 88 Vol	May 88 Last	Stock
GOLD C	$ 440	67	27 A	-	-	-	-	$ 465.20
GOLD C	$ 460	394	6.50	8	25.50	14	36.50	$ 465.20
GOLD C	$ 480	807	0.10	58	15.50	20	26.50	$ 465.20
GOLD P	$ 440	15	0.10	-	-	10	11	$ 465.20
GOLD P	$ 460	208	0.10	-	-	-	-	$ 465.20
GOLD P	$ 480	19	15 A	-	-	-	-	$ 465.20
		Nov. 87		Dec. 87		Jan. 88		
EOE Index C	FL 190	-	-	365	6.90	28	8.50	FL 170.27
EOE Index C	FL 200	-	-	113	4.20 B	36	6 B	FL 170.27
EOE Index P	FL 155	-	-	573	8	180	12	FL 170.27
EOE Index P	FL 160	-	-	346	10.50	338	14	FL 170.27
S/FI C	FL 185	52	3.50	407	4.60	-	-	FL 187.50
S/FI C	FL 190	197	0.10	109	2.10	6	2.90	FL 187.50
S/FI C	FL 195	-	-	87	1	20	1.60	FL 187.50
S/FI P	FL 180	-	-	75	1.70	211	2.20	FL 187.50
S/FI P	FL 185	2707	0.05	201	2.60	74	3.60	FL 187.50
S/FI P	FL 190	180	1.50	125	4.20	49	6.50	FL 187.50
S/FI P	FL 195	164	6.40 B	376	8.50 A	16	9.20	FL 187.50
S/FI P	FL 200	193	11.45	103	13.30	-	-	FL 187.50
S/FI P	FL 205	355	16.50	1	17.70 B	-	-	FL 187.50
S/FI P	FL 210	68	21.50	-	-	-	-	FL 187.50
		Mch. 88		Jun. 88		Sep. 88		
S/FI C	FL 180	-	-	-	-	129	9.90	FL 187.50
S/FI C	FL 200	21	1.50	2	2.30 A	-	-	FL 187.50
S/FI P	FL 180	9	3.50	15	4.80	-	-	FL 187.50
S/FI P	FL 190	47	7.70	-	-	3	11	FL 187.50
S/FI P	FL 195	111	11.50	20	12.70 B	-	-	FL 187.50
S/FI P	FL 205	100	19 B	-	-	-	-	FL 187.50
		Jan. 88		Apr. 88		Jul. 88		
ABN C	FL 44	133	1.40	-	-	-	-	FL 41
ABN P	FL 40	260	2.30	14	3.20	2	4	FL 41
AEGON C	FL 60	27	3.50	-	-	-	-	FL 56.30
AHOLD C	FL 65	64	5 B	3	6	-	-	FL 61.50
AHOLD P	FL 55	111	3.20	1	4.50	-	-	FL 61.50
AKZO C	FL 100	574	4.50	44	8.70	20	11	FL 87.50
AKZO P	FL 80	294	5.80	28	8 B	27	10	FL 87.50
AMEV C	FL 45	72	2.50	12	3.50	5	4.30	FL 42
AMRO C	FL 75	28	1	353	1.80	-	-	FL 60
AMRO P	FL 80	1	20	200	21	-	-	FL 60
ELSEVIER C	FL 35	90	5	15	6.10 B	-	-	FL 37.50
ELSEVIER P	FL 35	50	3.40	5	4.50	4	6.50	FL 37.50
GIST-BROC. C	FL 30	221	2.50	47	4	4	5.50	FL 28
GIST-BROC. P	FL 25	105	1.50	-	-	-	-	FL 28
HEINEKEN C	FL 140	69	4.50	9	10	-	-	FL 124
HEINEKEN P	FL 110	82	5.50 A	-	-	6	12	FL 124
HOOGOVENS C	FL 30	60	2.80	22	3.70	-	-	FL 26
HOOGOVENS P	FL 25	65	2.80	105	4.50 A	-	-	FL 26
KLM C	FL 50	517	0.30	10	0.60	-	-	FL 28.10
KLM P	FL 35	533	8.50	-	-	-	-	FL 28.10
NEDLLOYD C	FL 130	17	6.40	14	10.50	-	-	FL 110
NEDLLOYD P	FL 160	58	53	1	52 B	2	55 B	FL 110
NAT.NED. C	FL 60	69	1.30	19	2.30	3	3.50	FL 51.40
NAT.NED. P	FL 50	81	4.20	35	5.30	5	6.70	FL 51.40
PHILIPS C	FL 30	190	2.60	124	3.80	18	4.60	FL 29.20
PHILIPS P	FL 30	128	3.50	89	5	222	5.60	FL 29.20
ROYAL DUTCH C	FL 220	350	4.60	25	10.30	-	-	FL 198.50
ROYAL DUTCH P	FL 200	481	10.50	122	15.10	12	20	FL 198.50
ROBECO C	FL 85	61	4.20	-	-	-	-	FL 79.80
ROBECO P	FL 90	80	11.50	-	-	-	-	FL 79.80
UNILEVER C	FL 124	314	2.30	-	-	-	-	FL 101.50
UNILEVER P	FL 120	14	22	1	28	305	28.50	FL 101.50

TOTAL VOLUME IN CONTRACTS : 40,459

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	Nat Bk. of Kuwait	9
Adam & Company	9	Citibank NA	9	NatWestminster	9
Allied Arab Bk	9	City Merchants Bank	9	Northern Bank Ltd	9
Allied Dunbar & Co	9	Clydesdale Bank	9	Norwich Gen. Trust	9
Allied Irish Bank	9	Comm.Bk.N.East	9	PK Finans. Int(UK)	9½
American Exp.Bk	9	Consolidated Cred	9	Provincial Trust Ltd	10½
Amro Bank	9	Co-operative Bank	*9	R. Raphael & Sons	9
Henry Ansbacher	9	Cyprus Popular Bk	9	Roxburghe G'antee	10½
ANZ Banking Group	9	Duncan Lawrie	9	Royal Bk of Scotland	9
Associates Cap Corp	10	Equat'l TstC'p plc	9	Royal Trust Bank	9
Authority & Co Ltd	9	Exeter Trust Ltd	9½	Smith & Williams Secs.	9
Banco de Bilbao	9	Financial & Gen. Sec.	9	Standard Chartered	9
Bank Hapoalim	9	First Nat. Fin. Corp.	10½	TSB	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	10½	UDT Mortgage Exp	§11.1
Bank Credit & Comm	9	● Robert Fleming & Co.	9	United Bk of Kuwait	9
Bank of Cyprus	9	Robert Fraser & Ptnrs.	10	United Mizrahi Bank	9
Bank of Ireland	9	Girobank	9	Unity Trust Plc	9
Bank of India	9	Grindlays Bank	9	Western Trust	9
Bank of Scotland	9	● Guinness Mahon	9	Westpac Bank Corp.	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Barclays Bank	9	● Hambros Bank	9	Yorkshire Bank	9
Beachmark Tst Ltd	9	Heritable & Gen. Tst.	9		
Beneficial Trust Ltd	10½	● Hill Samuel	§9		
Berliner Bank AG	9	C. Hoare & Co.	9		
Brit Bk of Mid East	9	Hongkong & Shangh	9		
● Brown Shipley	9	Lloyds Bank	9		
Business Mtge Tst	9	Meghraj & Sons Ltd	9		
CL Bank Nederland	9	Midland Bank	9		
Central Capital	9	● Morgan Grenfell	9		
Cayzer Ltd	9	Mount Credit Cpn Ltd	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4%. Savewise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.125%

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday November 19 1987

Publishing & Printing	+ 15.32	Telephone Networks	- 0.91
Property	+ 11.37	All Share Index	- 1.38
Overseas Traders	+ 8.34	Industrial Group	- 1.73
Mining Finance	+ 8.04	Stores	- 2.19
Metals & Metal Forming	+ 7.31	Financial Group	- 3.06
Food Retailing	+ 5.64	Other Groups	- 3.07
Shipping & Transport	+ 4.82	Other Industrial Materials	- 3.31
Oil & Gas	+ 4.79	Chemicals	- 4.41
Textiles	+ 4.70	Conglomerates	- 4.84
Leisure	+ 3.87	Merchant Banks	- 4.96
Food Manufacturing	+ 3.85	Brewers & Distillers	- 5.54
Insurance(Composite)	+ 3.84	Capital Goods	- 6.45
Contracting,Construction	+ 3.10	Packaging & Paper	- 9.21
Health & Household Products	+ 2.26	Electronics	- 9.70
Electricals	+ 2.02	Investment Trusts	- 11.52
Insurance(Life)	+ 1.91	Motors	- 13.53
Consumer Group	+ 1.46	Banks	- 13.78
Building Materials	- 0.11	Agencies	- 18.88
Gold Mines Index	- 0.44	Mechanical Engineering	- 22.37
500 Share Index	- 0.79	Insurance(Brokers)	- 47.81

BANK RETURN

BANKING DEPARTMENT	Wednesday November 18, 1987		Increase (+) or decrease (-) for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	98,741,551	+	4,880,602
Bankers Deposits	1,110,205,542	-	32,049,047
Reserve and other Accounts	1,886,161,594	+	29,110,794
	3,109,661,687	+	1,942,349
ASSETS			
Government Securities	792,683,181	-	151,225,000
Advance and other Accounts	925,997,318	-	97,438,569
Premises Equipment & other Secs	1,385,450,362	+	254,199,323
Notes	5,262,594	-	3,592,655
Coin	268,232	-	750
	3,109,661,687	+	1,942,349
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	13,254,737,406	+	13,592,655
Notes in Banking Department	5,262,594	-	3,592,655
	13,260,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	8,730,707,459	+	111,309,572
Other Securities	4,518,277,441	-	101,309,572
	13,260,000,000	+	10,000,000

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	102	2	11	323	197	55
Corporations, Dom. and Foreign Bonds	16	3	35	74	47	149
Industrials	155	867	537	1,844	2,891	3,076
Financial and Props	38	367	223	688	1,050	1,406
Oils	12	62	37	119	209	227
Plantations	1	5	8	9	11	50
Mines	16	83	98	259	316	412
Others	27	144	89	296	538	467
Totals	367	1,533	1,038	3,612	5,259	5,842

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

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FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	357.7	376.7		-
Eb'r Ph Eq.	304.1	323.2	-89.1	-
Pension Plan Funds				
Phoenix				
UK Equity Acc.	141.3	148.7	-6	-
International Acc.	115.7	121.7	-1.2	-
Property Acc.	117.8	124.0		-
Fixed Interest Acc.	152.0	160.0	-0.5	-
Money Acc.	129.3	136.1	+0.3	-
Bldg. Soc. Link Acc.	130.7	137.5	+0.1	-
Special Mnged. Acc.()	131.8	138.7	-3.3	-
Phoenix/Framlington				
Intnl. Growth Acc.	74.4	78.3	-1.8	-
Amer. & Gen. Acc.	69.7	73.3	-1.9	-
Capital Tst. Acc.	155.3	163.4	-4.1	-
Japan & Gen Acc	149.5	157.3	-3.3	-
American Turn. Acc.	68.8	72.4	-1.4	-
Recovery Tst. Acc.	143.8	151.3	-8.4	-
Special Magd Acc.	126.8	133.4	-1.3	-
Phoenix/GT				
International Acc.	109.1	114.8	-3.2	-
US & General Acc.	78.6	82.7	-1.5	-
Amer Spec Sits Acc.	52.7	55.4	-1.3	-
Japan & General Acc.	144.2	151.7	-5.2	-
Far East & Gen. Acc.	120.1	126.4	-5	-
UK Capital Acc.	139.7	147.0	-5.5	-
European Acc.	123.6	130.1	-4.6	-
Special Mngd. Acc.	110.8	116.6	-1.8	-

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	254.9	268.4		-
Man Pens Inc & Cap Fds.	323.6	340.7		-
Money Fund	110.0	115.8		-
Pens. Mngd Fd (Init)	79.2	83.4		-
Pens Mngd Fd (Acc)	87.6	92.3		-
Pens FT30 Fd (Init)	118.6	124.9		-
Pens FT30 Fd (Acc)	131.1	138.0		-
Pens O'seas MgFd(Init)	52.5	55.3		-
Pens O'seas MgFd(Acc)	58.0	61.1		-
Pens Fxd Int Fd (Init)	106.6	112.9		-
Pens Fxd Int Fd (Acc)	117.8	124.0		-
Pens Deposit Fd (Init)	100.2	105.5		-
Pens Deposit Fd (Acc)	110.7	116.6		-

Premium Life Assurance Co Ltd

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prudent				
Managed Nov 11	178.8	186.3		-

Prudential Holborn Life Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed Fd.	386.6	407.0	-3.5	-
Equity Fd.	745.6	784.9	-8.3	-
Intnl. Fd.	282.7	297.6	-4.4	-
Fixed Int. Fd.	359.9	378.8	+1.0	-
Prop. Fd.	292.4	307.8		-
Cash Fd.	231.0	243.2		-
Pacific Basin Fd.	152.9	161.0	-0.9	-
North American Fd.	110.9	116.8	-2.5	-
European Fd.	133.3	140.4	-0.6	-

Prudential Holborn Pensions Ltd
Portland Hse, Stag Place, Ldn SW1E 5BH 01-630 1661

Managed	419.2	441.3	-4.2	-
Equity	573.4	603.6	-7.6	-
Global Equity	174.2	183.4	-2.3	-
Fixed Interest	371.6	391.2	+1.1	-
Property	287.5	302.7		-
Cash	135.0	142.2		-
Index Linked Gilt	158.4	166.8	+2.0	-
Guaranteed	9.25	10.25		-
International Money	182.7	192.4		-
North American Fd.	51.8	54.6	-1.0	-
Japanese Fund	100.3	105.6	-0.7	-
European Fund	70.4	74.2	-1.0	-
Special Situations Fd.	83.7	88.2	-1.1	-
Communications Fund	73.9	78.8	-1.0	-
Smaller Cos Fund	86.1	90.7	-1.7	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Nov 18	£109.60	112.84		-
Equity Fund Nov 18	£112.71	116.14		-
Intnl Fund Nov 18	£18.63	19.19		-
Intl Bond Fd Nov 18	£10.09	10.23		-
Fixed Int Nov 18	£66.00	66.86		-
Index Linked Nov 18	£48.29	48.91		-

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

Frobisher Fund Limited
PO Box HM1735, Hamilton, Bermuda 809 295 7447

GT Investment Mngmt Co SA
2 Boulevard Royal, Luxembourg
Tel, London Agents: 01-283 2575

GT Management (UK) Ltd
8th Floor, 8 Devonshire Sq, London EC2M 4YJ

Henderson Admin. (Guernsey)
PO Box 255, 18-20, Pollet Guernsey 0481 710661

Henderson Management SA
20 Blvd Emmanuel Servais, Luxembourg 010 352 21902

Henderson Global Strategy Mngmt SA

Lloyds Intl. Money Market Fund Ltd
PO Box 136, St Peter Port, Guernsey 0481 24983

London Interstate Fund Managers Ltd
PO Box 86, St Peter's Port, Guernsey 0481 26521

MFM Ltd.
24 Bd Prince Charlotte, MC 98000 Monaco 9350 1055

M & C (Cayman) Ltd
PO Box 706, Cardinal Avenue, Grand Cayman, BWI

Perpetual UT Mngrs (Jersey) Ltd
PO Box 459, St Helier, Jersey 0534 74517

Pierson Holdring & Pierson
PO Box 243, 1000 AE Amsterdam 31 20 211188

Premium Life International Ltd
PO Box 141, St Peter Port, Guernsey 0481 21374

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS – Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	45		3.50	17.42
52	40	Do. 6pc 28 Stb. Ass.	45		3	16.37
50	45	Do 4pc Mixed Ass.	45		2	14.44
66	58	Hung. '24 Ass.	65	–2	2.75	14.53
146½	122¾	Hydro Quebec 15pc 2011	139¾	+½	15.00	10.43
136¼	115½	Iceland 14½pc Ln 2016	126¾	–¼	14.50	11.25
103½	94	Ireland 9¾pc '91–96	100½		9.75	10.80

AMERICANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
42	24¾	Abbott Laboratories	25¾	–⅛	$1.00	–	2.2
40⅝	20⅞	Alcoa $1	23⅞	–1	$1.20	–	2.9
2187	524	Allegheny & W $0.01	540p	–15	30c	–	3.1
19¾	7⅞	Amax $1	9¼	–⅛	–	–	–
30⅝	13⅛	Amdahl 5c	15¼	–1¼	20c	–	0.8
35¾	18⅞	Amer. Cyanamid $5	20½	–¾	$1.05	–	3.6
25⅞	12⅞	Amer. Express $0.60	13¼	–⅛	76c	–	3.3

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
43¾	26	RJR Nabisco Inc.	27⅛	–½	$1.60	–	3.4
39	21½	Rep NY Corpn $5	22⅞	–½	$1.16	–	2.9
18¾	8¾	Rockwell Intl. $1	10⅞xd	–⅛	66c	–	3.6
30¾	16¼	Sara Lee $1(1/3)	19¾xd	–½	$1.00	–	3.0
11¾	8⅞	Saul (B. F.) $1	9¾		20c	–	1.3
27⅛	21⅛	Southwestern Bell $1	19¾	–½	†$2.32	–	6.7
22⅛	10½	Stanley Continental	10⅞	–⅛	80c	–	4.3
44¾	21¾	Sun Co. Inc. $1	27⅛	–⅛	$3.00	–	6.3
42⅛	22⅛	TRW Inc. $0.625	23⅛xd	+⅛	†$1.60	–	3.9
37¾	22⅝	Tenneco $5	22¼xd	–1	$3.04	–	7.6
220	149½	Do. 10pcLn.Stk. 91-5	190xd		10%	–	14.7
29⅝	16⅛	Texaco $6.25	16½xd	–⅛	$3.00	–	10.6
74¾	43¾	Time Inc. $1	43¼xd	–⅛	$1.00	–	1.3
20⅛	11	Tracor $0.33(1/3)	17⅛xd	–⅛	40c	–	1.3
30¾	15¾	Transamerica $1	18⅛xd	+⅛	$1.84	–	5.7
£14⅛	£7⅛	Transworld Corp $5	756p	–36	20c	–	1.5
27⅛	12⅛	TRINOVA Corp	14xd	–⅛	56c	–	2.3
26¾	12⅝	♦USX $1	15⅜	–½	$1.20	–	4.4
19⅝	10⅝	Union Carbide $1	12⅛xd	–⅛	$1.50	–	7.0
37⅛	17⅜	Utd. Technologies	17⅛xd	–⅛	$1.40	–	4.5
38⅛	26⅛	US West	28⅛	–⅛	$3.28	–	6.7
30⅛	17⅛	Waste Management $1	19⅝	–½	–	–	–
31¾	13¼	Whirlpool $1.0	14⅞	–⅛	–	–	–
37⅛	18⅛	♦Woolworth $3½	19⅞	–⅞	$1.32	–	4.0

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LONDON SHARE SERVICE

INSURANCES — Contd

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
516	300	[illegible] Group 5p	[illegible]	–2	†10.5	–	4.7	–
*£11½	733	Prudential	765	–25	†29.0	–	5.1	–
590	350	Refuge 5p	[illegible]	–13	15.75	–	5.6	–
595	345	Royal	373	+8	†¢15.5	–	5.7	–
110	85	Saffire Ins. Invs.	93	–2	–	–	–	–
*345	168	Sedgwick Group 10p	185	–2	12.0	1.7	8.9	7.9
339	130	Steel Burrill J.10p	158	–2	†9.0	2.0	7.8	8.8
668	405	Stewart Wr. 20p	[illegible]		¢13.0	2.0	2.9	21.9
632	303	Sturge Hldgs 20p	[illegible]	–2	†16.0	2.5	2.3	23.1
£12⅜	645	Sun Alliance	[illegible]	–5	†23.5	–	3.9	–
[illegible]	865	Sun Life 5p	[illegible]	–3	†28.5	–	4.4	–
69¾	36¼	¶Taisho M EDR	[illegible]	–1	g010%	–	1.0	–
22⅝	14⅝	Torchmark $1.00	[illegible]	–⅝	Q$1.00	–	3.8	–
410	235	Trade Indemnity	[illegible]	–2	†4.3	–	1.7	–
34	19⅝	Travelers $1.25	[illegible]	–1	$2.28	–	6.6	–
30⅛	17⅝	USF & G Corp $2.50	[illegible]	–⅝	Q$2.40	–	7.8	–
33⅝	16⅝	USLIFE Corp. $1.0	[illegible]	–⅜	Q$1.28	3.2	4.4	7.2
738	555	¢Utd Friendly B 10p	680	–20	21.0	–	4.4	–
464	202	Willis Faber 12½p	214	–1	†10.75	2.4	6.9	8.1
128	41	Windsor Secs. 10p	64	–8	†0.7	1.5	1.5	–

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES — Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

[illegible]

TRUSTS, FINANCE, LAND — Contd

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES — Contd

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES

Saturday November 21 1987

BZW discloses loss of £18m

BY DAVID LASCELLES, BANKING EDITOR

BARCLAYS DE Zoete Wedd, the investment banking arm of the Barclays Bank group, disclosed yesterday that it had been badly hit by last month's stock market crash. Sir Martin Jacomb, BZW chairman, announced that the investment division had made a pre-tax loss of £18m for the year so far. From this, City analysts calculated that the group had suffered total losses of some £60m as a result of the share prices collapse.

BZW is one of the UK's largest dealers in securities, with 1,750 stocks on its market-making books, and it carries a heavy exposure to movements in the stock market.

Because of its size, BZW's losses are likely to be among the largest suffered by any City banking institution. S.G. Warburg Group, another large equity market-maker, said it had lost £4.7m on the first day of the crash, but has given no further details. The group is due to announce its interim results on Wednesday. Morgan Grenfell said it had lost $14m (£7.8m) on its US arbitrage operations, though it claims to have since recouped this.

Among other leading market-makers, Kleinwort Benson said it was reasonably pleased with its performance. County NatWest, the investment banking arm of the National Westminster Bank, said it would not be detailing its results now. Mr Jonathan Cohen, chief executive, said: "Nobody has escaped from the recent events. We are examining the entrails, but we do not plan any cutbacks or pull-outs."

At BZW, Sir Martin said: "As a leading market-maker in equity securities we were adversely affected by the recent falls in stock markets.

"Although this represents a setback in one area, BZW's business as a whole is progressing well. We regard this recent experience as exceptional and the strategy which our diverse and well-capitalised group is pursuing is unchanged. We are continuing to develop our securities and investment banking businesses across a broad front in the UK and overseas."

Mr John Quinton, Barclays group chairman, said the losses in no way affected Barclays' commitment to BZW. "We continue to have full confidence in our long-term strategy in the securities business."

BZW put out its announcement to quell speculation about the extent of its losses and to reassure staff who were disturbed by rumours of cuts.

"Uncertainty can be very destructive," Lord Camoys, BZW's chief executive, said. He added that apart from the equity side, BZW's businesses were performing well, and that the group expected to pursue its plans to recruit 30 graduates for next year's intake.

BZW reported a pre-tax profit of £25m in the first half of this year, and is estimated by analysts to have earned more than £15m from its non-equity business since then. For it to be now £18m in the red implies a loss in the crash of up to £60m. BZW's capital is £250m, and its parent is due to invest more next year.

Renault to cut 3,835 car jobs next year

By Paul Betts in Paris

RENAULT, THE French state-owned vehicle group, plans to cut its car workforce by a further 5 per cent, that is 3,835 jobs, next year, to try to boost productivity.

The group is expected to return to the black this year after losses of FFr30bn (£2.98bn) in the past four years, but has told its unions that it must continue with productivity improvements and job-cuts to increase competitiveness.

Renault is expected to report net profits of at least FFr3bn this year after restructuring and rationalisation in the past three years. This week the group reported a 12 per cent rise in first-half sales totalling FFr74.3bn.

It cut its French workforce by 30,000 between January 1983 and last June. Job-cuts this year are expected to total 5,500, reducing the total workforce of the French car division to 73,635 by the year's end.

The company told its unions it wanted to cut the workforce further, to 69,800 by the end of next year.

It has told its unions that a sharp fall in its car markets next year because of a general economic slowdown would mean revising its latest job-cut targets.

The latest job-cuts were opposed by the pro-Communist CGT union, the influence of which in the company, however, appears to have been dwindling in recent years.

The latest cuts coincide with the French Government's decision to change the privileged status of the group, turning it into an ordinary state-controlled company. Up to now, Renault has been protected from bankruptcy by its special status.

The National Assembly is due to debate a bill to change Renault's special status early next month.

At the same time the Government has agreed to write off FFr12bn-worth of Renault debt, to help restructure the group's balance-sheet before its legal status is changed. This will leave Renault with a total debt burden of about FFr40bn.

Renault, apart from launching the latest job-cuts, is also discussing with Volkswagen of West Germany and General Motors of the US possible collaboration in the joint production of a new light commercial vehicle.

The French group is, through this, seeking to cut the heavy costs of developing a new light van to replace its ageing Trafic and Masters vans, launched in 1980.

London Life cuts operations

BY ERIC SHORT

THE LONDON Life Association, Britain's second oldest mutual life company founded in 1806, has run into financial problems and is cutting its operations sharply.

Both policy-holders and staff will affected by the cuts. From the beginning of next month, ultimate pay-outs on claims for with-profits policy-holders will be reduced by at least 10 per cent. The separate terminal bonus rate, which applies to death or maturity claims, will be cut from 175 per cent to 125 per cent.

More than 100 employees, including around 30 sales staff, are being made redundant, or are taking early retirement. Five branches are being closed at Belfast, Cardiff, Dundee, Newcastle on Tyne and Plymouth, while the two London branches in the City and West End are to be combined.

In addition, the company plans to limit its growth by cutting its targets for new business in 1988 to around 80 per cent to 85 per cent of this year's level. Meanwhile, plans to set up its own unit trust comnpany next year have been shelved.

The measures are designed to stem cash outflow and build up its business from a more financially secure base.

London Life has funds of around £1.2bn, making it a small- to medium-sized life company. It has been growing rapidly over the past decade, with premium growth averaging around 30 per cent a year.

Because the bulk of expenses in selling and issuing a life policy occur at the outset, there is an initial financial strain in selling new business. The optimum rate of new business growth is determined by the amount of free assets available.

As a mutual company, London Life has to finance its development internally. Its rate of growth has eaten into its reserves and the recent collapse in equity prices has further depressed the margin of assets over liabilities so that the company's appointed actuary, Mr Brendon McBride, recommended corrective action.

London Life's chief executive, Dr John Evans, was emphatic that these measures had not been prompted by the Department of Trade and Industry, though the DTI had been kept fully informed of the position.

A statement will be given to policy-holders in the next issue of the company's Investment Bulletin, due out in the next couple of weeks.

Such moves would almost certainly have resulted in independent intermediaries shunning the company for business. But London Life is one of the few life companies that does not pay commission to intermediaries, so it obtains little business from this source.

There are no indications of any other life company taking similar action. Many small- to medium-sized companies, including Scottish Life and National Mutual Life, stated they had no plans to cut back on new business.

Sound Diffusion chief to quit

BY PHILIP COGGAN

MR PAUL STONOR, chairman of Sound Diffusion, the electrical equipment leasing group, has bowed to institutional pressure for him to quit in the wake of several years of delayed results and missed profits forecasts.

He said yesterday he would step down by December 9. His statement came after a group of institutions had proposed an extraordinary general meeting at which they were to seek his removal.

Pressure for Mr Stonor's resignation had become overwhelming over the past year. As well as a series of disappointing results and missed profits forecasts, there was a dispute in June with the group's auditor, Ernst & Whinney over group profits for 1986 - when turnover was £40m. Sheppards & Chase, the company's broker, resigned at the same time. No replacement has yet been appointed. Ernst & Whinney resigned as auditor at the annual meeting last month.

Mr Bob Seabrook, deputy chairman of Throgmorton Trust, the leader of the institutions calling for the chairman's resignation, said yesterday: "We had totally lost confidence in his stewardship and we felt it was vital that new directors be appointed."

Mr Stonor said he had intended to retire in January but had received approaches from a number of potential bidders for the company, one of which said it wished him to continue in office while it considered its offer. He felt the correct course would be for him to continue temporarily, but he had no intention of submitting himself to a vote.

The row with Ernst & Whinney came after Mr Stonor took the unusual step of announcing unaudited profits of just under £10m for 1986. After several months of discussion, Ernst & Whinney insisted on audited profits of just £5.7m. Shortly afterwards, the company disclosed that interim profits for this year had fallen by 88 per cent.

The only company to have made its interest in Sound Diffusion public is Tunstall Group, which has a 4.9 per cent stake.

Sound Diffusion's shares closed 4p up yesterday at 43p.

Unilateral ceasefire declared by India in Sri Lanka

By John Elliott in New Delhi

INDIA tried to break the deadlock in its six-week-old military action against Tamil Tigers in Sri Lanka yesterday by declaring a 48-hour unilateral ceasefire. The move is designed to give the Tamil extremists time to lay down their arms and support the Indo-Sri Lankan Tamil peace accord.

Mr K. Natwar Singh, Indian Minister of State for External Affairs, told the New Delhi Parliament that Indian troops would "not open fire of their own initiative" for 48 hours from 7am today. He indicated that the period would be extended "if we see hopeful signs and a proper atmosphere."

In Sri Lanka, both Government and Tamil spokesmen welcomed the ceasefire.

The initiative was timed to follow the handover of 18 captured Indian soldiers by the Tigers. It was hoped this had created a co-operative mood, even though four Indian soldiers were reported to have been killed after the handover had been completed.

Leading Tamils in the northern peninsula of Jaffna have been urging that the Tigers should be given a chance to lay down their arms peacefully and join the island's developing political process.

But the Indian Government has only felt confident enough to risk such an initiative this weekend, having cornered Tigers in small areas of the Jaffna peninsula and captured more than 55,000 rounds of ammunition.

However, Mr Mahendra Mahathiya, the Tigers' deputy leader, told Indian journalists who witnessed the troop handover on Thursday that Indian troops would have to withdraw to barracks and all the Tamils' grievances would have to be solved before they would surrender their arms. This falls far short of India's demand.

The ceasefire may anger some of India's military commanders on the island who have lost more than 250 officers and men, and have felt unduly constrained by politicians, during operations which began in August.

Major General Harkirat Singh, general officer commanding the 23,000-25,000 troops on the island, is reported to have said on Thursday there should be "no let up" in the operations.

The Indian Government has become increasingly concerned that it might find itself tied into a long guerilla action which could keep at least some of its troops on the island for three years or more.

Three executives resign at Statoil

BY KAREN FOSSLI IN OSLO

THE DISPUTE over the affairs of Statoil, Norway's state oil company and one of Europe's largest oil-producers, has resulted in a boardroom shake-up which is expected to foreshadow a widespread reorganisation of the company next year.

Three board members have resigned following allegations of a cover-up over a project to build an oil refinery and terminal at Mongstad, on the west coast of Norway, which exceeded its budget by NKr5.4bn (£504m).

The three other board members, including Mr Inge Johansen, the chairman, also offered their resignations. Mr Arne Oeien, the Oil Minister, has asked them to stay until replacements could be found.

The dispute over the refinery project had caused acute problems for Norway's minority Labour Government which has suffered a series of political setbacks this year.

The project had been set a budget of NKr6.8bn in 1984. The overrun has to be met by Norwegian taxpayers.

The resignations follow calls from opposition leaders for Mr Oeien to step down unless he acted against Mr Arve Johnsen, Statoil's president, and the board.

On Thursday Mr Johnsen refused to quit. But the board changes now seem likely to force his resignation and those of two key Statoil executives, Mr Jon Huslid, technical director, and Mr Jacob Oexnevard, director of marketing.

None the less Mr Oeien refused yesterday to demand his resignation. Last week he reiterated his backing of Statoil's management. Opposition leaders threatened to call for a vote of confidence in the Norwegian Parliament - which the Governmnet would probably not have survived - if this backing were not withdrawn.

Mr Johnsen's refusal to resign brought calls yesterday from Mr Rolf Presthus, the opposition Conservative Party leader, for Mrs Gro Harlem Brundtland, the Prime Minister, to intervene.

Mr Oeien said yesterday he hoped to appoint three new board members by next Friday.

There was mounting speculation yesterday that Mr Arild Roedland, former adviser to the previous Oil Minister, would be Statoil's new chairman. Yesterday, however, the Oil Minister refused to demand Mr Johnsen's resignation.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Barker (Charles)	116	+	5
de Morgan	90	+	22
ERF Hldgs.	165	+	8
Reed Intl.	330	+	24
FALLS			
Assoc. Brit. Ports	330	-	18
Blue Arrow	89	-	6
GUS A	£10⅝	-	⅜
Kleinwort Benson	300	-	18
Land Securities	433	-	17
Lookers	253	-	10
MEPC	425	-	23
Maxwell Comm.	221	-	11
Midland Bank	375	-	13
Next	265	-	10
P-E Intl.	185	-	9
Polypipe	139	-	8
Prudential	785	-	25
Smith New Court	185	-	10
Tricentrol	81	-	6
Unigate	263	-	15
United Newspapers	425	-	15

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	17	63	Dallas†	F	3	37	Madeira	S	20	68	Prague	F	6	43
Algiers	S	21	70	Dublin	C	8	46	Madrid	S	15	59	Reykjavik	R	6	43
Amsterdam	F	10	50	Dubrovnik	R	11	52	Majorca	S	18	64	Rhodes	F	16	61
Athens	S	16	61	Edinburgh	S	10	50	Malaga	S	19	66	Rio de Janeiro		-	-
Bahrain	S	25	77	Faro	S	19	66	Malta	S	18	64	Rome	C	17	63
Barcelona	F	16	61	Florence	T	10	50	Manchester	S	10	50	Salzburg	C	6	43
Belfast	C	8	46	Frankfurt	F	7	45	Melbourne	C	[illegible]	66	S'Francisco†	F	13	55
Belgrade	R	8	46	Geneva	C	7	45	Mexico City		-	-	Santiago		-	-
Berlin	C	7	45	Gibraltar	S	18	64	Miami†	C	22	72	Seoul	S	12	54
Biarritz	C	12	54	Glasgow	F	10	50	Milan	S	15	59	Singapore	F	29	84
Birmingham	C	10	50	Guernsey	C	9	48	Montreal†	R	4	39	Stockholm	C	3	37
Blackpool	F	11	52	Helsinki	Sl	1	34	Moscow	Sn	-7	19	Strasbourg	F	8	46
Bombay	F	30	86	Hong Kong				Munich	C	5	41	Sydney	F	23	73
Bordeaux	F	12	54	Innsbruck	R	4	39	Nairobi	F	27	81	Tangier	S	21	70
Boulogne	C	10	50	Inverness	R	9	48	Naples	R	17	63	Tel Aviv	F	21	70
Bristol	F	10	50	Isle of Man	F	10	50	Nassau		-	-	Tenerife	S	23	73
Brussels	F	9	48	Istanbul	F	8	46	Newcastle	S	10	50	Tokyo	S	12	54
Buenos Aires		-	-	Jersey	C	10	50	New Delhi	S	24	75	Toronto†	C	-1	30
Budapest	C	9	48	Johannesburg	F	28	82	New York†	F	8	46	Tunis	C	19	66
Cairo	F	22	72	Las Palmas	S	23	73	Nice	S	19	66	Valencia	S	22	72
Cape Town	S	19	66	Leeds	S	10	50	Nicosia	F	20	68	Venice	D	6	43
Cardiff	C	11	52	Lisbon	S	15	59	Oporto	S	15	59	Vienna	C	9	48
Chicago†	F	-4	43	Locarno	F	14	57	Oslo	C	2	36	Warsaw	R	5	41
Cologne	R	8	46	London	F	11	52	Paris	C	8	46	Washington†	C	7	45
Copenhagen	C	8	46	Los Angeles†	C	16	61	Peking	S	17	63	Wellington	F	12	54
Corfu	F	15	59	Luxembourg	C	4	39	Perth	C	21	70	Zurich	F	7	45

C-Cloudy. Dr-Drizzle. F-Fair. Fg-Fog. H-Hail. R-Rain. S-Sunny. Sl-Sleet. Sn-Snow. T-Thunder.
† Noon GMT temperatures

Education bill protest

Continued from Page 1

Mr Fred Smithies, general secretary of the National Association of Schoolmasters and Union of Women Teachers, said: "Our nation has fought wars to stop this kind of thing happening." Mr Baker insisted most of the extra powers his own office would gain by the bill were powers to decentralise control, particularly by transferring it from local government bureaucracies to the heads and governors of schools and other educational institutions.

He said the proposals had been supported by a large majority of the 16,500 people who had so far responded to the 10 previously published consultative papers outlining the bill's provisions.

Although Conservative MPs had earlier joined in criticism of the 10-subject national curriculum - the measure that would enable central Government to impose on all schools in the state-maintained system - the legislation has made very few concessions to complaints that the curriculum is too rigid.

No mention is now made of the earlier consultative paper's suggestion that the compulsory subjects should take up about 80 per cent of school time. Mr Baker said he still expected at least 70 per cent of class hours to be spent on the national curriculum, and nearer to 80 per cent in most cases. Another noticeable omission from the bill is any guarantee that academic freedom will be protected to counterbalance the provisions limiting the high-level of job security previously granted to most university dons.

The Education Secretary's explanation was that, although academic freedom was "of very great importance indeed," it had proved impossible to define in legislative terms. The special commissioners to be appointed to amend universities' charters to implement the job-security changes would be told to "do whatever is necessary to see academic freedom is not impaired."

BA bid for BCal

Continued from Page 1

ument - unless a rival bid emerges. This will reduce the period of uncertainty and fractionally reduce potential underwriting costs.

However, it will also increase pressure on the BCal board and shareholders to make a quick decision if they want to take cash rather than BA shares. BA's 115-for-22 share offer values BCal's unquoted shares at 758p. The cash bid is worth 575p.

In addition to its possible legal action, ILG said it was seeking financial information from BCal, which might or might not lead to its making a rival offer.

Mr Goodman said he doubted that BA's offer was high enough to carry the day. If ILG did bid successfully for BCal, the job losses envisaged by BA would not be necessary, he said.

Scandinavian Airlines System, the only other carrier to have stated publicly that it would consider taking an equity stake in BCal, has made it clear that any such plans depended on the failure of BA and BCal to reach an agreement.

Air Europe and British Midland separately gave evidence this week to a European Commission civil servant who is gathering evidence about the proposed merger for Mr Peter Sutherland, commissioner in charge of competition policy.

After returning from Brussels, British Midland's chairman said the of the Commission: "They quite clearly have their teeth sharpened to get into it." He was encouraged by the ruling this week by the European Court of Justice, which upheld the Commission's right to intervene in mergers within the EC.

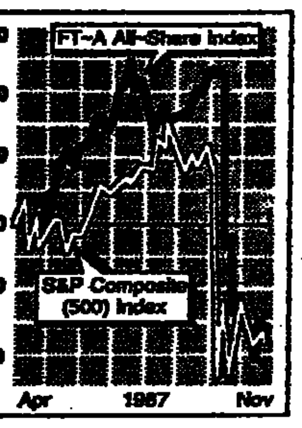
THE LEX COLUMN

More sentiment than sense

In the fifth week after the Great Crash, the Tokyo stock market ended higher and Wall Street just about held its own, but the London market finished lower, despite a late rally yesterday afternoon. Apart from the Kuwaitis' dramatic dawn raid on BP shares, institutional investors have continued to sit on the sidelines and trading volumes in UK equities have been low. An uneasy calm has descended on both interest rates and foreign exchange rates as the world awaits the outcome of the US deficit reduction package. The talks were going right down to the wire, as the Americans like to say, and there was considerable uncertainty over the actual deadlines by which the US had to prove to the world at large that it was prepared to put its house in order. The conflicting statements which have been shooting back and forth in Washington have confused many investors. Wall Street and the financial community have been telling the Reagan Administration what it should do to solve the world financial crisis. By contrast, many Washington politicians see this as no more than special pleading by financiers anxious to recoup their heavy losses. They treat with scorn allegations that their indecision could precipitate another major collapse in the world's stock markets. Somehow the gap between the two sides has to be bridged.

Against this sort of background, the direction of the financial markets is much more affected by psychology than by fact. In the UK, for example, the yield on the market has risen from 3.0 per cent a month and a half ago, to 4.5 per cent now, the yield on long-dated gilts has dropped by 80 basis points, and corporate earnings and dividends are still expected to rise by 10 per cent plus next year. Although there are plenty of technical reasons behind the market's current weakness, sentiment could change overnight if the Reagan Administration can prove that it has the will to attack its financial problems.

FT Index fell 4.2 to 1285.7



BA/BCal

The market is two and a half times as insecure as it was in July, to judge from British Airway's renewed bid for BCal. Pre-crash, the cash alternative was underwritten at a discount of 7 per cent, whereas yesterday an identical operation was performed at 17 per cent less than the market price. Still, two weeks ago the exercise would probably not have been possible at all, and the relative calm of the market this week has evidently galvanised BA into action.

Its swift move must now challenge BCal to come up with the European deals that it has been talking so loudly about. However, even if it reaches agreement with SAS or Sabena, its financial position is parlous enough to make a full takeover by an airline which understands its problems the preferable solution. BCal's shareholders may not like the new offer, but they can hardly complain that the unchanged terms are mean. If the cash element is worth about half the original, it is the market that is to blame, and 3i, which is scarcely a natural holder of BA shares, can only curse the day that the bid was referred. However, as a quintessentially supportive investor, it will presumably rally round BCal while the European option is explored, if only to accept BA in the end.

While the arguments for a merger are as strong as they were last time, the deal has got dirtier. BA's lobbying machine is already hard at work to ensure that even a minority foreign stake would be referred to the MMC. Meanwhile, the news of 2,000 redundancies will do nothing to sweeten BCal employees, nor to make the marriage - if it ever happens - a harmonious one.

Unit Trusts

Thank heavens for the small guy. Five weeks after the crash, new converts to the ethos of save and prosper may be rare; but the stalwarts are settling in for the long haul. Chauvinistic they are - unit trust holders have shown as strong a homing instinct as anyone in the market, to the benefit of UK-based funds - but overall the small investor's reaction has been to stay put. Net redemptions so far this month are surprisingly small: Save & Prosper has suffered a net outflow of around £10m for November, but with the value of funds put at over £2bn at the end of last month, this is scarcely a flood. Many funds are reporting a return to stability, and even net sales over the past week.

Most advertising departments are wisely taking a breather from the great hype of the past few years; Royal Life probably wishes it had done so earlier. September's Royal Event has fallen well foul of the events of October, with units in the three funds trading at a discount of around a quarter to the issue price. However, the initial message from the industry is mildly supportive for the equity market. The huge inflows which underpinned UK share prices in the first nine months may not be seen again soon; but at least the fear of massive redemptions seems to have been overdone.

Cambridge Instrument

As scarcely befits a company founded by Charles Darwin's son, Cambridge Instrument has frequently demonstrated that it is not just the fittest that survive. Only intervention by the National Enterprise Board kept it going through the 1970s. The company's latest evolution, brought about by Dr Gooding, seemed to promise a leaner and fitter beast. Sadly, in stock market terms, it has so far been a dog.

It seemed odd when Cambridge rejoined the market in April in the midst of reorganisation and odder still that it was unable to split out the semiconductor figures. Now the £1.4m semiconductor loss has confirmed some of the fears. Although there are orders in the pipeline, the division will at best break even in the second half.

Dr Gooding thinks the City is looking at the figures through the wrong end of a microscope. Cambridge has a dominant market share in several of its products, and optical equipment, which is less prone to the whims of technological fashion, now forms half the group. But with brokers cutting their forecasts from £10.8m to £8.5m for the full year and plenty of reorganisation still needed, the shares will find few enthusiasts, even after yesterday's 18p fall to 70p.

WEEKEND FT

Saturday 21/Sunday 22 November 1987

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Michael Field looks at the Arabs in the aftermath of the Amman summit and finds them still struggling to come to terms with their weakness

Agony of the Arab world

"OUR PEOPLE are losing faith in us," said King Hussein of Jordan in his opening address at the Arab summit conference in Amman last week. His comment was remarkable for its bluntness - generally Arabs like to refer to unpleasant facts only in the most oblique fashion - but it was not at all controversial. None of the millions of Arabs who saw the King's otherwise fairly bland speech on television or read it in the newspapers would have disagreed with him.

In the last year or so the Arabs - and the intelligentsia in particular - have been plumbing the depths of despair. They are appalled by the ineffectiveness of their countries on the international stage, by the lack of individual freedom in the Arab world and, above all, by the violence of the region.

The chronicle of bloodshed is long and depressing. Wars at present are being fought in Lebanon, southern Sudan, the Western Sahara, on the Libyan border with Chad, and, most bloodily, on the Iran/Iraq frontier, where the last seven years have claimed a million dead and wounded. In the background the Arab-Israeli conflict remains potentially explosive.

During the last 12 years six Arab heads of state have been murdered. Three states - Syria, Iraq and Libya - have carried out campaigns to exterminate opponents abroad and most Arab governments think nothing of imprisoning dissident subjects without trial.

Inevitably the Arabs are asking why their society has become so uselessly violent. They also ask: Why has the Arab nation, with 150m people, been unable to defeat Israel, which has a Jewish population of only 3.5m? Why does it feel so threatened by Iran, a nation of 50m which has hardly a friend in the world and is starved of military supplies? Why has the Arab world, with its money and oil, been unable to wield any decisive diplomatic influence against Iran or Israel? And why, when Arab states have received $1½tr (million million) dollars of oil revenues in the past 14 years, has none of them got anywhere near becoming a "newly industrialising country" like Korea or Singapore?

In the end these questions boil down to one: why are the Arabs so weak?

This has been asked not only by the Arabs but also by many foreigners who have dealt with the Arabs in this century, and there are three standard approaches to it.

One can search for some flaw in the Arab character. This issue was addressed in the 14th century by the philosopher historian Ibn Khaldoun, who concluded that the strength of the Arabs waned as soon as they left the desert and encountered material luxury. More recently - in the last 100 years or so - Arab thinkers have said that there seems to be something in their nation's character which makes it unable to accept material benefits that Europe and America have to offer and use them to its own advantage. Instead it embraces them with vulgar enthusiasm, is corrupted by them, and then, recoiling from its corruption, rebels against foreign influence of all sorts. This is what is happening at present in the spread of Islamic fundamentalism in the Muslim world.

Another theory is that the Arabs are weak for roughly the opposite reason from that given by Ibn Khaldoun, namely that they are economically too poor. Their countries are mostly barren and devoid of resources other than oil.

Lastly there is the line of reasoning which suggests that the Arabs' present weakness is no more than a logical extension of their recent history. This approach, popular in the Arab world, argues that 500 years of decadence, oppressive and inflexible Turkish rule, which only ended in 1919, left the Arabs' society immobile and their intellect stultified.

On the economic question - of why $1.5tr has had such limited effect - the answer is summed up by a cynical colleague on this newspaper: "The trouble with oil," he remarked, "is that it doesn't do anything for a country except teach it to enjoy spending the revenues."

In other words, oil revenues are ideal for building infrastructure - ports, airports and roads - and for providing good health services and lavish welfare states. But they do not do much to stimulate self-sustaining industrial growth, in the sense of creating assets which will produce more wealth in the future.

In some ways large oil revenues actually hinder industrial development. They raise the standard of living of the population and therefore the cost of labour in that society to a level which makes local industry uncompetitive in both export and domestic markets. In the Arabian peninsula countries, where this effect has been most obvious, industrialisation is further hindered by the small size of the populations.

Oil revenues also encourage people to look to their government for making their fortune rather than to a market, at home or abroad. It is much easier for a Middle Eastern businessman to find a way of winning a government contract than to study the corporate or consumer market in his country and find a way of providing it with some product or service at a competitive price.

The same is partly true in those Arab countries which are not oil producers but which have received large amounts of oil money through inter-government aid and the remittances of their citizens working in the oil states. In some of these countries - Jordan, for example - government spending plus remittances have helped push wages to levels which do not help further industrialisation - though his effect is much less pronounced than in the oil producers themselves. There has also been a tendency in these countries for private businessmen to look to government contracts rather than markets for their fortunes and, as in the oil states, to put their money into real estate rather than productive enterprises.

A different problem is that there seems to be an unfortunate lack of complementarity between the Arab economies, which is all the more exasperating for its being disguised. One would think, at first, that the combination of, say, Saudi Arabia's money and Sudan's population and agricultural potential should produce a huge and successful farming industry, or that Gulf money and the Egyptian population should produce successful manufacturing industries.

In practice, such expectations have been dashed. In some cases the enormous bureaucracies of the recipient countries have delayed projects to the point of making them uneconomic. In one or two countries - Sudan is the classic example - the infrastructure is so rudimentary that building and operating an industrial project in an economic fashion is made impossible. In others the labour force is not sufficiently skilled to run a particular industry or the domestic market is too poor to buy its products.

It was a mistake, therefore, for anyone in the Arab world or outside to have supposed in the first place that oil wealth alone would make the region, or part of it, rich in a productive rather than a consuming way. What is needed for economic growth in a developing country is reasonably cheap labour, large and increasingly prosperous markets at home or abroad and entrepreneurial initiative, as well as capital - preferably in private hands. Most of these necessities the Arab world lacks.

The reasons for the Arab's political failure are more difficult to discover. The matter is complicated - and for the Arabs made much more painful - by the fact that they set themselves an impossibly high target: Arab unity. The Arabs are very aware that once they ruled a great empire and were the world's most civilised society. They feel that if they could only unite, or at least act together, they would be great again.

In an emotional sense the desire for unity is very strong. The Arab population feels much more passionately than do the people of the European Community and thinks of having a single culture much more than the Europeans. Although it is easy for foreigners to point to differences in temperament and degree of sophistication among the peoples of the Arab world, in matters of historical memory, religion, language and general manner the Arabs are similar to each other.

The trouble from a political point of view is that the regimes of the Arab world are so different that they cannot work together. They range from highly conservative monarchies to extreme socialist republics and at the two ends of the spectrum the monarchs are divided by ancient tribal rivalries and the socialists by personal vendettas.

Beside straightforward political differences as a reason for the Arabs' disunity, other reasons are secondary, but even so there are two traits of personality which seem to contribute to the Arabs' disarray.

First, as they often say themselves, the Arabs find it very difficult to accept imperfection. If one raises some awkward fact in conversation with, say, a government minister whom one does not know well, he is as likely as not simply to ignore it in his reply. And if one persists in referring to it one will be regarded as rude. Those who discuss controversial matters in newspaper articles or conversation are seen not as being practical or constructive, but as having hostile or traitorous intent.

This extreme sensitivity and impracticality, and the lack of self-confidence that lies behind it, combines with the oppressive character of the Arab regime to stifle debate. Also, in being reluctant to face their shortcomings, the Arabs are hampered in working out practical, but possibly imperfect and partial, solutions.

Second, although the mass of people in the Western world must see the Arabs as a hard and violent nation, they are in fact rather soft. In their dealings they are terribly concerned to be polite and to avoid confrontation or criticism - in fact to avoid hurting people. They are concerned that any matter be transacted in such a way that every person involved feels that his honour is satisfied.

One sees this in all affairs of Arab life. It is the reason for the painful slowness with which the conservative monarchs of the Gulf make government appointments and it lies behind the way officials and businessmen delay telling one when they are going to say "no" to a project. One might say the Arabs are more concerned with means than with ends, which makes them and their governments less effective than they ought to be.

If traits in the Arab personality throw light on the reasons for the Arab world's weakness, they hardly stand out as a complete explanation. For this one has to look at the most mundane of possible causes - the Arabs' own recent past.

The Arabs were shocked by the creation of Israel in 1948, which humiliated them at the moment they, like other developing nations, were gaining their independence and hoping to emerge as proud members of the international community. Later they were traumatised by their catastrophic defeat in 1967, which has dominated their politics ever since.

The struggle against Israel seems to justify in Arab minds the emergence of military regimes in most Arab countries. Once in power the general views the war as an excuse for curbing personal and political freedoms.

Now, of course, it is accepted that the generals have failed and there is growing feeling among the intelligentsia and professional classes that bad rule is helping to keep the Arabs weak.

Bad, undemocratic government and the feeling of instability it brings discourages private businessmen from investing long-term in their countres. It enhances the Arab tendency to avoid openly discussing controversial issues and encourages corruption - partly because dictatorships breed nepotism and partly because a government-controlled press cannot criticise or investigate wrongdoing. The energy of the best educated and most able people in the Arab world is suffocated by this system. Much of the political debate and exchange of ideas which should vitalise the Arab world takes place almost covertly in London.

Equally serious, dictatorship is a direct cause of the violence in inter-Arab conflicts. One of the reasons why President Assad of Syria at present supports Iran in its war with Iraq is that in the past Saddam Hussein, the Iraqi president, has tried to have his regime overthrown and Assad killed - for a mixture of practical and ideological reasons. Now Assad hopes that, through Iran, he can do the same to Hussein.

The Arab intelligentsia argues that it will be difficult to imagine Arab democracies pursuing these sorts of vendettas against each other. They say much of the conflict in the Arab world is not something that is congenitally Arab, it is simply a result of bad government.

There is now a popular feeling that something must change. In an unstable part of the world, it is said, bad government cannot continue indefinitely, the people or elements in the Arab armies are bound to rise against it.

The easiest way for opposition to manifest itself is through Islam, which provides dissent with a respectable cloak and partly protects dissenters from retaliation by governments. It is difficult for regimes to act against people who are saying government and society should become more Godly.

However, most Arabs would prefer to see their societies become liberal and democratic rather than Islamic.

There are some glimpses of light on the horizon. In Sudan and Tunisia new governments which have come to power by coup d'etat are trying to respond to popular sentiment.

There seems also to be some acknowledgment by Arab leaders that their relations will be better if they do not always aspire to total unity. The recent summit in Amman was important because it allowed members of the Arab League to decide for themselves whether they should resume diplomatic relations with Egypt, which had been ostracised since it agreed its separate peace with Israel in 1979. Now moderate regimes, particularly those in the Gulf which may need Egypt's support against Iran, can establish links with Cairo without knowing that they will automatically be branded as traitors by the other Arab states.

"Our ambitions are becoming more modest," remarked a senior Jordanian official at the time of the summit, "we've moved from unity to integration, to co-ordination and then co-operation and now we are just talking about consensus." The official was commenting on the previous failure of the Arabs to work together and he was clearly unhappy about the situation, but for the future, he ruefully conceded, the new mundane aims were a hopeful sign.

The Long View

The downside of 'people's capitalism'

In the aftermath of the stock market crash the small investor has discovered the other side of the capitalist coin. Barry Riley assesses the role of these shareholders

INEXPERIENCED small investors in the UK and, even more, in France have started to discover the other side of the privileges of the shareholder as the prices of privatisation issues, among all the others, have gone crashing.

As the action dies down it is a good time, therefore, to look at some of the more fundamental questions about the role of the shareholder. The past few weeks have brought several major studies. The Confederation of British Industry and the Institute of Directors have separately addressed the issue of "short-termism"; that is, the suggestion that the shareholders are insufficiently committed to the companies they invest in and will fail to back longer-term projects if they damage immediate profit levels. The winter issue of the Oxford Review of Economic Policy this week covers major debating points ranging from the rivalry between bank-based and stock market-based financial systems to the economic role of the small shareholder.

Two linked bandwaggons have been rolling in the past few years. Increasing prestige has been enjoyed by countries relying primarily on stock market-based corporate financing methods; and conservative politicians have seized on wider share ownership as a way of fostering a "people's capitalism" which ought to be a good way of ensuring an ample future supply of conservative votes. Both these trends have depended on the favourable influences provided by the long global bull market. High ratings and investor confidence have enabled companies to finance themselves easily and cheaply; nothing encourages people's capitalism to thrive better than people's profits.

Curiously, even the CBI appears to have lost its old enthusiasm for favourable lines of bank credit. Instead of the endless appeals for lower interest rates and various kinds of special deals for industry it has now been won over to the merits of the stock market-based system.

The CBI working paper on short-termism last month concluded that the UK would be unwise to attempt to move towards a bank-orientated system, because Japan and Germany (and France) were themselves finding their traditional systems unsatisfactory.

This marked quite a change.

Germany and Japan were, after all, the great industrial success stories of the postwar world and relied heavily on close, long-term relationships between industrial companies and banks, which were often shareholders as well as extensive providers of credit.

Interest rates were low and indeed the system was often rigged against the private individual and in favour of industry. Loans were on a long-term basis, rather than on overdraft terms. Necessary management changes could be initiated through behind-the-scenes pressure rather than by means of expensive and unreliable takeover battles.

Unfortunately it was never true that Britain could become like Germany or Japan in its industrial prowess simply by importing the German or Japanese financial systems. Besides, those were the days when the political focus was on the "property-owning democracy" and the financial system and fiscal policies were turned firmly in that direction. But the industrial financing lobby remained vocal, at least until smothered by the Wilson Report.

Now the debate has moved on a long way. This is because the 1980s have proved unexpectedly difficult for those industrial paragons, Germany and Japan, although in rather different fashions.

On the one hand, Germany has run out of momentum, concentrating on preserving its gains and on eliminating inflation rather than on building for the future. Symbolically, Siemens cut its dividend this week amid a relatively buoyant world economy.

On the other hand the Japanese economy remains comparatively dynamic in industrial terms but is crazily skewed. Japan is desperately seeking economic balance to correct the excess of exports being churned out by industry; but for the time being the Japanese banks compensate for the lack of demand from companies for finance for productive investment by lending them money for financial speculation instead.

During the bull market the proponents of bank-based methods have therefore been undermined. British companies have raised huge sums in the stock market and have used its flexibility, for example, to build multinational structures while the German companies, by and large, have stayed at home.

My own view is that variations in financial systems only have a second-order influence on economic development. Industrial progress largely depends on whether bright people with new ideas are encouraged to come to the fore, which depends on many factors in society, of which finance is only one.

The German authorities, indeed, would love to revitalise the stock market - although Germany has notably steered clear of the kind of privatisation mania and tax-based equity savings incentives that have characterised Britain and France.

Wider share ownership has become such a politicised question that few have stopped to ask whether there are any economic benefits - although, on the negative side, some boards of directors have grumbled about the cost of sending out hundreds of thousands, even in some cases millions, of annual reports which they know very few shareholders will bother to read.

One fairly well-documented characteristic of the small investor is that he is more loyal than the average institutional fund manager, if only because his knowledge of alternative investments is less extensive, and his transaction costs higher than those of a professional investor. But his "long-termism" has a price, in that when things go wrong he is much more likely to protest angrily at company meetings - as TSB found out the other week.

If, to take a fanciful example, many hundreds of thousands of German private citizens were shareholders in Siemens, the company might just be a little more reluctant to cut its dividend. Whether that would be good or bad for the German economy might be a worthy subject for another academic discussion paper

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• MARKETS •

All eyes still fixed on the Americans

SO MUCH for the mini-rally. The faltering bounce - reminiscent of a dented ping-pong ball - which emerged 11 days ago failed to survive beyond Monday last week.

By Tuesday, the FT-100 Share Index was back on the slide, although the market's mood is now closer to a depressed torpor than its earlier frenzied concern. No amount of whistling and shouting by politicians, nor a predominantly favourable string of domestic economic statistics makes much impact.

Broadly, City opinion is divided into two camps. On the one hand, there are a few relatively bullish voices who point to the rapid narrowing in the yield gap over the past month and the fairly healthy UK economy and reason that equities now offer good value. London, they argue, has fallen far enough to discount the derivative impact of a sliding dollar and impending US recession.

But against that, the dominant argument last week was simple: until the outcome of the US budget deficit negotiations is known - and probably not for some while afterwards - nothing can be assessed with any certainty. At the back of these bearish minds lurks a suspicion that any estimates of UK corporate earnings growth next year are largely a stab in the dark, and even that the UK Government's current commitment to underpin growth with interest rate reductions (and even tax cuts) cannot be divorced from worrying uptick in inflationary pressures.

It was, perhaps, doubly unfortunate that the UK market should have siezed on Friday - when, under the Gramm-Rudman-Hollings act, $23bn-worth of spending cuts were due to be triggered in the States - as the last possible date for an outcome in the Congress/White House negotiations. It underestimated the ability of politicians to prevaricate - and opened itself to a series of disappointments as hopes of an "early" agreement faded.

London

As a result Footsie tumbled 24.6 points on Tuesday, regained a mere 3.6 on Wednesday, dropped a further 24.6 on Thursday, and then tumbled again during Friday on the continued US silence.

The crop of domestic statistics, by contrast, was relatively heartening. The PSBR figures were the star turn, suggesting that the Government could be on course for a balanced budget in the current financial year, even better than the £1bn borrowing requirement forecast in the Autumn Statement.

October's retail sales also showed strong growth - promoting hopes of a happy Christmas in Britain's high streets - but that is something of a double-edged sword, doing little to ease the inflationary niggles. As for the money supply statisitics, foreign exchange intervention threw the October figures completely out of kilter, but at least the underlying growth in bank lending appears to have eased up a bit.

All of which was generally good news for gilts, at least in the first half of the week. The yield on high coupon longs cut back to under 9.2 per cent by Thursday evening - leaving the yield gap argument as valid than ever.

And certainly, on the corresponding equity front, there were some hefty dividend hikes to be found last week - with the presence of potential predators appearing to concentrate minds wonderfully.

Ranks Hovis McDougall, the UK bakeries group where Australasian food group Goodman Fielder has an aggressive 29.9 per cent stake, probably took the honours with a stirring 30 per cent rise in the final payout. Its figures, too, left the market comfortably replete; full year pre-tax profits were 28 per cent higher at £116.1m, thanks to further recovery on the bakeries/milling side and all-round progress in the other six divisions.

That led a few voices to wonder whether RHM unloading its goods too soon given that Goodman has ruled out a bid before April. But the benefits of its Avana acquisition have yet to be fully felt and with £140m-£145m forecast for the coming year the shares - easing back to 188p - are on a prospective PE of perhaps 11.

The story at Storehouse - the BHS, Mothercare and Habitat retail group which is currently being pestered by a "demerger" bid from the relatively tiny Benlox Holdings - was a lot less happy. Just when directors are defending the design-led Storehouse concept, they were obliged to announce a sharp profits slip at Mothercare caused by a costly warehousing blunder.

More happily, the other four arms (including the previously uncertain BHS chain) all showed good progress. But that failed to prevent a 3 per cent slide at the pre-tax level to £35.9m in the first half and the main comfort for shareholders was a 9 per cent interim dividend advance.

But Storehouse was not the week's only casualty: Plessey, the electronics giant, reported a more serious 22 per cent fall at the half-time stage, to £68.2m; showed a declining second quarter; and felt obliged to warns shareholders that the full year figure will be "slightly less" than last time's £184.2m. Blame is spread around - from the MoD to the falling dollar and and softness in the PABX market - but the upshot was to send Plessey shares another 14p lower to 132½p, now half their year high.

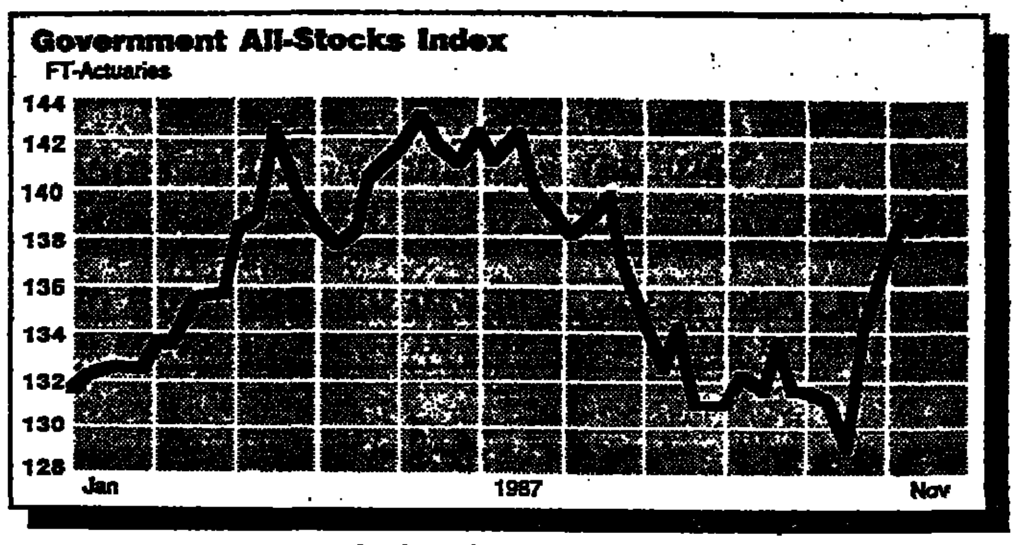
At least, with the market no longer swinging 50 points in the space of a morning, the trickle of corporate activity is continuing. Any remaining worries that Eurotunnel would have problems underwriting its £770m issue (almost half of which had to be underwritten in London) were dispelled on Monday. Indeed, given that no attempt has been made to price the issue relative to estimated revenue/yields, a decent premium could be in view.

Elsewhere, the Kuwait Investment Office took full advantage of the market weakness to net a 10 per cent stake in oil giant BP. That was enough to keep the partly-paid shares steady at 78p - and the Bank of England unemployed.

British Airways, meanwhile, lost little time in coming back with a new non-recommended bid for British Caledonian - amid a heap of rumours that BCal was busy negotiating elsewhere. BA's share exchange terms are unchanged - so shareholders taking that option would only see the value of the bid reduce with the BA share price. The cash alternative, alas, almost halves to 575p a share.

But then BA has had to underwrite, for a maximum of three weeks, on a 18 per cent discount - ample testimony, if it were needed, of the market's present state.

Nikki Tait



Small groups, big worries

SMALL COMPANIES can, and often do, grow much faster than larger groups. But being small also means being vulnerable to a change in circumstance and once a small company does get into trouble, it can take a lot of work to get it out again.

Take Biomechanics International, which joined the Unlisted Securities Market in 1983 as a start-up venture. Investor enthusiasm ensured that the shares, priced at 50p, opened on the first day at a 100 per cent premium, before climbing to 130p.

What caused the excitement was the plant developed by Biomechanics which used an "anaerobic process" for the disposal of natural wastes. By transforming waste into fuel, the process was designed to pay for its running costs.

The idea sounded good but the snag was that hardly anyone ordered the plants and Biomechanics repeatedly reported losses. In 1985 - by which time the shares had slumped to 12p - hopes were raised when the company won an order from a subsidiary of Allied Lyons. However, that order involved Biomechanics financing the construction of the plant itself via a rights issue of convertible loan stock.

The shares stayed in the doldrums until earlier this year when - despite repeated losses - a new chairman, the prospect of further orders and investor enthusiasm for "penny stocks" carried the price back over 50p.

But the continuing losses - £445,000 at the last interims - have taken their toll and now the company has been forced to inject new capital.

A heavily discounted one-for-one rights issue is being made with new shares on offer at 5p, compared with the trading price of 22p.

The rights, and an offer being made to loan stock holders, will raise £578,000 but a further £704,000 is being raised via a subscription from Mr Bernard Wheeler, the chairman, and a group of new investors, led by Mr Sam Smith, the executive chairman of Lee Beasley, a subsidiary of Triplex Lloyd. Mr Smith will become the new chairman of the group and Mr Wheeler will be deputy chairman.

Shares in Consolidated Tern Investments are currently suspended yet again as the company contemplates a refinancing package. The company had originally been a builder based in South Wales but as it gradually moved into property development it expanded into other areas of Britain. It joined the USM in January 1985 on a rising trend of profits, culminating in £736,000 pre-tax in the year to September 30 1984.

However, the first year after flotation saw a drop in profits to £317,000 and the next year was even worse - pre-tax losses were £2.334m after allowing for exceptional debits of £1.19m reflecting losses on problem contracts.

After further losses of £750,000 in the six months to March 1987, dealings in the shares were suspended at 80p in April, while the company put together a capital reconstruction package.

When the £3m package was announced in July, it involved a new management team and a three-for-one rights issue underwritten by a Guernsey-based property investor, Mr Michael Allen.

The magic word "reconstruction" attracted enthusiasts of recovery stocks and the shares touched 200p on the day when trading recommenced before closing at 130p. But last week, the shares were suspended again - this time at 53p - as the company revealed that pre-tax losses for the year ended September 30 will be £4m, including further provisions of £1.75m for unprofitable contracts.

That leaves Tern with a gaping hole in its balance sheet - a net asset deficiency of £445,000. Under the Companies Act, Tern is required to explain to shareholders how it intends to remedy this deficiency and it has called an extraordinary general meeting for December 4.

What Tern plans to do is to buy two chains of estate agents in a cash and shares deal worth £13.5m which will more than double its size. It will be interesting to see whether investors show the same kind of enthusiasm for the shares when they return from suspension the second time.

At Tod, the plastics manufacturer, help was near at hand when it discovered that problems at its subsidiary, Straker Construction, would have an adverse impact on its trading results. C H Beazer, the construction company, had floated off Tod onto the USM in 1984 but still retained a 69 per cent stake.

Beazer decided that Tod had had only limited success in establishing a separate identity and in view of its problems. Beazer is now offering to buy out the minority holding.

It is offering 260p per share, valuing the whole company at £29m, compared with the £6.6m at which it was valued when it joined the market.

Philip Coggan

Junior Markets

LAST WEEK'S FALLS

The following table shows the changes in the FT 30-share index and its constituents over the past week. The FT-SE index is also shown.

	Price yesterday	Change since 13/11	1987 High	1987 Low		Price yesterday	Change since 13/11	1987 High	1987 Low
FT Ord Ind	1285.7	-31.4	1926.2	1232.8	Grand Met	387	+3	605	348
ASDA-MFI	162	n/v	226½	142½	GKN	265	-10	434	235
Allied-Lyons	330	-3	471	290	Guinness	237	-22	389	227
BICC	308	+17	436	269	Hanson Trust	126	-3	195½	116
BOC	353	+13	559	308	Hawker Sidd	419	+10	630	377
BTR	254	-3	374	228	ICI	£10	-⅞	£16½	970
Beecham	433	-21	589	268	Lucas Ind	495	-23	795	465
Blue Circle Inds	335	-15	579	289	Marks & S	181	-14	280½	179
Boots	220	-10	329½	215	NatWest Bank	533	-42	794	498
British Gas	132	+3	200	106	P & O	464	-10	776	425
BP	251	+5	416	238	Plessey	129	-19	258	127
British Telecom	219	-12	337	208	Royal Insce	373	+5	595	345
Cad Schweppes	219	-1	291	119	Tate & Lyle	643	-11	944	560
Courtaulds	329	+2	535	302	Thorn EMI	589	+15	830	436
GEC	163½	-7½	251	162	Trusthouse	197½	+½	286	171
Glaxo	£10¼	-½	£18½	990	FT-SE 100	1633.4	-44.9	2443.4	1608.1

Waiting for a call from BT

BRITISH TELECOM'S interims are expected to provide some clues to the company's progress in cutting costs. In the first quarter, these came largely from marketing and sales. Following the strike earlier this year, the company seems to have decided not to offer services which it cannot provide.

Nevertheless Thursday's profits should reach £1.2bn, against £1.0bn last year. Call volume and exchange line growth has been strong in spite of growing competition.

Currency factors will depress interim profits on Wednesday at Cable & Wireless. The relative decline against sterling of the US and Hong Kong dollars is thought to have lost the company some £12m.

There has been strong growth in the Far East but the Middle East and North America have been difficult. Mercury, the telephone network rival to British Telecom in the UK, may have lost about £7m in the first half although it is expected to make a pre interest profit in the second half. Overall, the company is expected to report £170m against £160m.

On Tuesday, BAA, the newly-privatised airports group, brings out its first set of interim figures since its flotation in July. The figures cover the six months to September, its busiest season.

Results Due

They are likely to show a sharp improvement over those for the previous period, which was hit by the downturn in traffic from the US. Traffic at the group's seven airports was up by nearly 16 per cent, and analysts expect profits to rise from £108m last time to between £135m and £140m.

Two of the big players in the building materials industry report their interim figures on Thursday. BPB, the largest plasterboard manufacturer in Europe, is expected to produce pre-tax profits in the region of £85m to £90m for the six months to the end of September, compared with £69.3m for last year's first half.

The demand for plasterboard has been very strong in the UK and France, from both housebuilders and, in particular, the repair and maintenance industry. In addition, BPB's paper and packaging products have gone well in the UK.

Redland, the brick and roofing tile manufacturer which in September announced that it was going to challenge BPB's 96 per cent plasterboard monopoly via a joint venture with the Australian CRS building materials group, looks like producing £73m for the half year to the end of March, compared with £55.6m last year.

FKI Babcock makes its reporting debut on Thursday with interim results which will include only one month's contribution from Babcock International, the larger but junior partner in the corporate marriage.

For this reason, and FKI's rescue of Stone International just over halfway through the six months to September 30, the interim figures (pre-tax profits should rise to £11m from £4.56m) are likely to be of academic interest. Attention will focus instead on Tony Gartland's exposition of the rationalisation already underway and his plans for reshaping the electricals manufacturing and contracting group.

BET goes west on Monday to announce its first-half results, flying London-based analysts to New York where their US counterparts will also get the benefit of interrogating the international services group's management in the flesh. The Wall Street roadshow fulfills a promise made when BET issued ADRs in July. A 70 per cent advance in pre-tax profits to £100m is on the cards, but the 40 per cent rate of earnings per share growth is not expected to be maintained in the full-year, as BET has now eliminated the traditional heavy second-half bias.

BAT Industries, the tobacco, retailing, financial services and paper conglomerate, is expected to unveil profits of about £375m (£328m) when it reports third quarter results on Wednesday.

Growth will be led by financial services, where both rates and volumes improved, and by retailing, where loss makers have been eliminated. But tobacco is likely to be flat following a heavy advertising campaign in the US. BAT's full year profits are expected to be about £1.5bn.

The timing of the stock market crisis could scarcely have been worse for Courtaulds. The textiles and chemicals group, which had finally succeeded in convincing the City that it had hauled itself out of the doldrums of the early 1980s saw its shares outperform the market in the opening months of the year only to watch them crumble in the crash.

In the past week or so Courtaulds has recovered some lost ground. Its interim results, to be unveiled on Wednesday, should help its recovery with a projected increase in pre-tax profits of almost a fifth to just under £100m. Every division performed well in the first half of the year. The star performer is expected to be the chemicals division.

It has been a year of turmoil at Magnet, the kitchen and furniture manufacturer which announces its interim figures on Thurday. Formerly perceived as a "go-go stock" as it went about re-orienting itself as a retailer rather than just a supplier to the building trade, Magnet's shares have fallen by more than a half since the beginning of September, when a pair of analysts abruptly cut their forecasts from £70 to £52.5m for the full year. The slow-down in the store-opening programme should mean interim pre-tax profits of around £24m.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	-	0-7
High interest cheque	5.00	5.12	3.77	2.74	monthly	1	1,000-4,999	0
High interest cheque	5.60	5.75	4.22	3.07	monthly	1	5,000-9,999	0
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	10,000-49,999	0
High interest cheque	6.40	6.59	4.82	3.51	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half-yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issue◊	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	6.51	6.51	6.51	6.51	not applic.	3	-	8
MONEY MARKET ACCOUNTS								
Schroder Wagg	6.02	6.19	4.66	3.39	monthly	1	2,500 minimum	0
Provincial Trust	6.96	7.19	5.41	3.94	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCK§								
5pc Treasury 1986-89	7.44	6.05	5.13	4.36	half yearly	4	-	0
8pc Treasury 1992	8.67	6.48	5.02	3.81	half yearly	4	-	0
10.25pc Exchequer 1995	9.05	6.40	4.63	3.15	half yearly	4	-	0
3pc Treasury 1990	6.49	5.64	5.07	4.60	half yearly	4	-	0
3pc Treasury 1992	6.77	5.89	5.30	4.81	half yearly	4	-	0
Index-linked 2pc¶	7.10	6.56	6.19	5.89	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; immediate access for balances over £5,000. ◊ Special facility for extra £5,000 §Source: Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in in pence unless otherwise indicated				
Allebone & Son	120*	110	97	34.88	Charterhall
Bramall (C.D.)‡	646.66†	460	348	87.09	Avis Europe
Brit. Caledonian	721	-	-	147.00	Brit. Airways
Brown (M.)‡	627§	625	715	155.14	Scot & Newcastle
Elect. Rentals	76½	65	55	222.13	Granada
Equity & Law‡	454.6	445	350	457.42	Compagnie du Midi
ERIC	405*	380	300	14.00	TR Energy Res.
Hill Samuel‡	810*	800	684	777.00	TSB
IBL‡	41*	50	59	29.42	[illegible] Ind.
Intl. Signal‡	126	125	219	215.16	Ferranti
McLeod Russel	424§	384	385	50.55	Kennedy Brookes
Ratcliffe Inds.	115	117	138	9.35	Utd. Spring
Samuelson	180†	161	137	38.97	Eagle Trust
Storehouse	253	260	349	1.02bn.	Benlox
Tech.Comp.Inds.	186	400	478	10.68	[illegible]
Tod	260*§	257	220	29.64	Beazer (C.H.)
W'house&Rixson‡	109.33†	86	91	13.08	J'son & Firth B.

*All cash offer. †Cash alternative. Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 20/11/87. At suspension. Shares and cash. ◊Related to NAV to be determined. ¶Loan stock. ∆Suspended

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Astra Tst	April	2,110 L	(726 L)	-	(-)	-	(-)
Burton Trans.	Sept	227	(874)	30.9	(130)	24.0	(22.6)
Bolton Textile	April	586 L	(144)	-	(0.9)	-	(-)
Burton Group	Aug	183,400	(140,670)	20.2	(17.4)	7.2	(5.3)
Capital Radio	Sept	3,940	(1,710)	16.3	(6.6)	6.0	(3.4)
Church Charles	Aug	11,900	(1,070)	9.5	(3.9)	-	(-)
Clyde Blowers	Aug	208	(237)	-	(-)	-	(-)
Concentric	Sept	5,160	(3,290)	17.6	(10.6)	6.5	(4.5)
Cronite	Sept	1,050	(953)	7.0	(7.8)	-	(-)
J H Fenner	Aug	7,610	(4,770)	12.1	(9.1)	6.2	(5.0)
Gaynor Group	Aug	611	(533)	8.1	(7.6)	2.7	(-)
Hardanger Prop.	Sept	5,300	(3,510)	51.5	(39.0)	9.9	(7.8)
Jennings	Aug	2,040	(1,010)	17.5	(7.3)	5.2	(4.5)
JSB Electrical	Sept	771	(378)	10.4	(8.2)	2.5	(-)
London & Strat.	Aug	503	(501)	3.4	(3.3)	3.3	(3.0)
Narborough Plnt	June	176	(119)	0.7	(0.5)	1.5	(1.5)
Parkway	Sept	1,310	(469)	7.2	(3.0)	-	(-)
Piccadilly Radio	Sept	765	(526)	4.9	(3.2)	2.2	(2.0)
Poly Elec		847 L	(103)	-	(0.7)	-	(-)
RHM	Aug	116,100	(90,800)	24.0	(20.7)	8.5	(6.6)
Rodime	Sept	13,400L	(1,640L)	-	(-)	-	(-)
SAC Int'l	Aug	3,240	(1,660)	10.6	(8.1)	2.5	(1.3)
Share Drug	Aug	2,210	(1,790)	14.2	(12.4)	3.0	(2.4)
Tomkinsons	Oct	3,360	(1,360)	39.8	(20.2)	7.0	(4.0)
Wardle Storeys	Aug	12,740	(5,610)	35.2	(23.6)	9.0	(6.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AAH Hldgs	Sept	10,150	(8,410)	4.2	(3.7)
Aberfoyle	June	898	(754)	-	(-)
Acsis Jewellery	July	53 L	(480 L)	-	(-)
Beecham	Sept	181,200	(149,310)	5.6	(5.1)
Black Arrow	Sept	1,530	(1,020)	0.7	(0.6)
Boots	Sept	120,100	(92,240)	3.1	(2.8)
Borland Int'l	Sept	2,770	(1,800)	-	(-)
British Gas	Sept	29,000L	(68,000L)	2.5	(-)
Broomgrove	Sept	746	(139)	0.6	(0.5)
CASE Group	Sept	958 L	(4,690 L)	-	(-)
Chloride Group	Sept	6,200	(5,200)	0.5	(-)
CML Microsystems	Sept	1,130	902	-	(-)
Cook William	Oct	132	(803)	2.2	(2.2)
Davy Corp	Sept	6,230	(6,010)	2.0	(1.5)
de Morgan	Oct	517	(50)	0.6	(-)
Dunhill Hldgs	Sept	15,230	(9,940)	0.9	(0.6)
Dwek group	Sept	1,720	(1,430)	1.7	(1.5)
Ford Martin	Aug	206 L	(1,140 L)	-	(-)
Heath CE	Sept	9,300	(16,500)	7.3	(7.1)
Hobson	Sept	650	(275)	-	(-)
Infrared Assoc.	Aug	296	(269)	-	(-)
Ivory & Sime	Oct	2,000	(1,520)	1.2	(1.2)
Jersey Gen Invest	Oct	640	(556)	6.7	(5.7)
Just Rubber	July	353	(294)	0.7	(0.6)
Locker Thomas	Sept	1,040	(568)	0.4	(0.4)
London Entertainment	Aug	310	(289)	2.7	(2.5)
Meyer Int'l	Sept	31,340	(20,120)	2.4	(2.1)
MK Electric	Sept	9,700	(8,400)	4.2	(3.7)
Normans Group	Sept	1,530	(1,070)	1.0	(0.9)
Pathology JS	Sept	1,940	(1,510)	1.8	(1.5)
Plessey	Oct	68,200	(87,400)	2.4	(2.4)
Premier Consol Oil	Sept	7,730	(1,440)	-	(-)
Sonic	Sept	64	(11)	0.7	(0.5)
Spandex	July	1,260	(740)	1.0	(-)
Storehouse	Sept	35,900	(37,100)	2.5	(2.3)
Triance	Sept	2,000	(51)	0.4	(-)
Unigate	Oct	40,300	(47,100)	4.9	(4.5)
Unilever	Sept	1.12bn	(865,000)	3.5	(3.0)
Velcro	Sept	2,820	(1,800)	4.0	(3.3)
[illegible]	[illegible]	[illegible]	[illegible]	3.1	(2.9)
Warnford Invest.	June	1,590	(1,270)	8.0	(7.5)
WB Industries	June	27 L	(24)	-	(-)
Whitbread	Aug	93,300	(79,800)	2.8	(2.5)
Whitbread Invest	Sept	4,560	(4,150)	2.8	(2.6)
Woodchester Invest	Sept	4,400	(900)	0.6	(0.5)
Wyndham	Sept	225	(51)	1.0	(0.8)
Young & Co.	Sept	2,220	(2,000)	4.5	(4.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. third quarter figures.

RIGHTS ISSUES

Biomechanics Int'l are to raise £1.28m via a one-for-one rights issue.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Printech Int'l is applying to join the USM via a placing.
Tomorrow's Leisure is to join the Third Market via an introduction.BF
Trevian Holdings is to join the USM via a placing of 1m shares at 70p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Airtours	Friday	-	2.1	-
Anglo Irish Bank	Tuesday	2.2	1.0	2.1
Cosalt	Tuesday	1.21	2.2	1.5
Greenall Whitley	Wednesday	2.3	3.2	2.5
Humberside Electronic	Tuesday	-	-	-
Kwik Save Group	Wednesday	1.8	4.2	2.1
Moss Advertising	Wednesday	1.0	1.0	1.0
Northern American Tst	Tuesday	1.4	4.0	1.4
TMD Advertising Hldgs	Tuesday	-	2.0	-
TSB Channel Islands	Thursday	-	-	2.0
INTERIM DIVIDENDS				
Alphameric	Tuesday	0.7	1.7	-
Authority Invest	Wednesday	-	-	-
BAA	Tuesday	-	-	-
Bassett Foods	Wednesday	1.9	5.3	-
B.A.T. Industries	Wednesday	5.5	8.8	-
BET	Monday	2.5	6.5	-
BPB Industries	Thursday	2.2	4.0	-
Brewmaker	Friday	0.3	-	-
British Telecomm	Thursday	3.3	5.1	-
Bulgin A.F.	Friday	-	0.1	-
Cable & Wireless	Wednesday	2.0	3.5	-
CCA Galleries	Thursday	0.8	1.9	-
Chamberlain Phipps	Monday	1.2	3.5	-
Chancery Securities	Wednesday	1.1	2.2	-
Courtaulds	Wednesday	2.4	7.1	-
Dawson Int'l	Thursday	2.1	4.8	-
Delmar Group	Monday	-	2.1	-
EMAP	Monday	0.9	2.1	-
Erskine House	Tuesday	1.2	2.8	-
Fairbriar	Monday	1.5	3.3	-
FKI Electricals	Thursday	0.4	1.0	-
Fulcrum Invest Tst	Friday	2.4	-	-
Hambros	Tuesday	2.4	5.8	-
Hille Ergonom	Thursday	0.7	-	-
Hogg Robinson	Wednesday	4.4	8.2	-
Hughes Food Group	Wednesday	-	-	-
[illegible] Int'l	Thursday	-	2.0	-
Magnet	Wednesday	2.2	3.8	-
Marshalls Halifax	Monday	1.7	4.5	-
Marston, Thompson & Evershed	Thursday	0.8	1.8	-
Merrydown Wine	Friday	-	6.0	-
Monks Invest Tst	Tuesday	1.1	1.7	-
Murray Tech Invest	Tuesday	-	0.4	-
Powell Duffryn	Tuesday	4.7	11.7	-
Powerscreen Int'l	Tuesday	-	2.0	-
Readicut Int'l	Tuesday	0.2	1.9	-
Redland	Thursday	4.3	8.7	-
Rexmore	Monday	0.4	0.8	-
Rothmans Int'l	Thursday	2.6	5.2	-
Sekers Int'l	Monday	0.9	1.7	-
Vibroplant	Wednesday	3.5	6.9	-
Warburg SG	Wednesday	3.0	7.0	-
York Trust Group	Wednesday	-	1.0	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. third quarter figures.

Taking stock as personalities feel the pinch

Robert Holmes a Court: a celebrated casualty of the plunge in markets

FOR A few days this week, Australia's stock market seemed to take a breather - the first since the worldwide collapse which undercut share prices there more sharply than anywhere else.

The immediate reason for the smaller volumes and thinner trading was that investors and institutions were anxiously awaiting the outcome of the budget deficit negotiations in Washington. More generally the view was gaining currency that the plunge might at last be close to exhausting itself - at least until fresh signs emerge of the course which might be followed by the domestic and world economy.

By the end of the week, the All-Ordinaries index, which covers 325 stocks across all sectors, was at 1,256. This was down 27 points on the day, but only 19 below the level of the previous Friday. It was also well clear of the lowest point reached since Black Monday, October 19. That floor appeared ten days ago, on November 11, when the index sank to 1,150.5 - half its highest-ever level of 2,305.5 recorded only seven weeks earlier on September 21. No developed country's sharemarket has plunged this far and even the battered Hong Kong and Singapore markets have fallen somewhat less.

Leading the way in Australia were gold mining stocks and the so-called entrepreneurial companies - the ones which earlier had led the way up. The stock exchange's gold index hit 1,613.4 on November 11, a fall of more than 60 per cent from its peak in September of 4,132. By yesterday it had recovered a little lost ground to finish at 1,851.5.

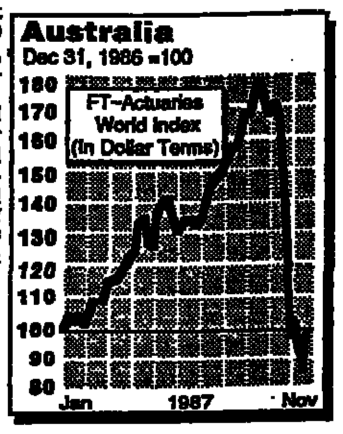
The most celebrated casualties of the entrepreneurial stocks have been Bell Group and Bell Resources, controlled by Mr Robert Holmes a Court. At the worst their prices were down almost 90 per cent from their peak levels, though they are now off the bottom.

Shares in companies controlled by Mr Bruce Judge, another entrepreneur, have suffered quite as much. Ariadne, his Australian company, yesterday stood at 55 cents, down from a peak of A$4.00 but above the worst 40 cent level. A less well-known entrepreneur, Mr Yosse Goldberg, has actually had his Western Continental group placed in receivership.

The wounded go beyond investment companies facing cash flow problems, cancelled share issues and mistimed takeover bids. Speculation is rife about the slashing of well-known personalities' wealth, the fund managers who have performed badly and over-exposed banks and brokers. Two small Sydney broking firms have been suspended from trading, while one of the biggest firms, Bains, yesterday announced lay-offs for 50 staff.

Also generating controversy has been the involvement of the Western Australian state government in the bail-out of Mr Laurie Connell's Rothwells bank and in the purchase of assets from the cash-hungry Bell stable.

Australian Markets



Winners from the crash are less obvious. An analysis by Australian Ratings suggests that, as a credit risk, Elders IXL, the brewing and agribusiness group headed by Mr John Elliott, and Bond Corporation, the brewing and media concern controlled by Mr Alan Bond, have fared satisfactorily. Likewise it would appear that companies like TNT, CSR, Boral, Western Mining and Goodman Fielder all feel relatively calm about their immediate position, if unclear about the next few months.

Most market attention is focused on the triangular jousting between BHP, Australia's largest company, and its two biggest shareholders, Bell Resources (with 30 per cent) and Elders IXL (with 18 per cent). Some resolution of the long uncertainty surrounding BHP's ownership is now expected, but the permutations of possible outcomes make predictions impossible. Analysts explain the sharpness and severity of the Australian market's decline by saying that, because it was so overheated and overbought, it had further to drop than its counterparts.

FT-ACTUARIES WORLD INDICES

Country	% Change from Aug.25 (World Index High)	US $ % change since Oct 16
Australia	-39	-40
Austria	-4	-18
Belgium	-22	-14
Canada	-27	-20
Denmark	-12	-10
France	-25	-17
W Germany	-27	-23
Hong Kong	-39	-42
Ireland	-28	-34
Italy	-9	-19
Japan	-9	-9
Malaysia	-44	-40
Mexico	-56	-59
Netherlands	-26	-17
New Zealand	-37	-40
Norway	-34	-39
Singapore	-43	-40
S Africa	-28	-38
Spain	-21	-27
Sweden	-24	-26
Switzerland	-25	-25
UK	-20	-25
US	-23	-16

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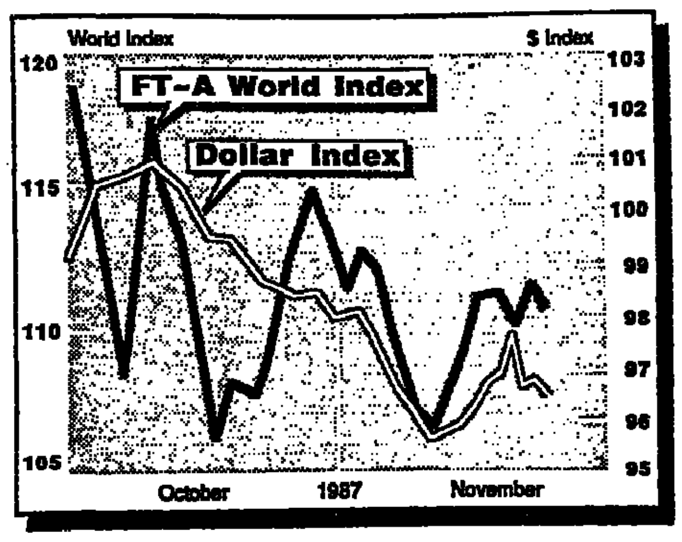
As one experienced corporate chief says, price-earnings ratios had climbed to a historically high level of 18 on average and some were much higher. In his view, most companies were not worth investing in at these levels. They could not increase profits enough to produce attractive dividends and investors' hopes of capital appreciation depended on the market going still higher.

When the reverse came, Australia - in one of the ironies of its substantial financial deregulation - was automatically on the receiving end of foreign investors' anxieties. It was vulnerable both as a market and because its resource-based economy would suffer world recession badly. Foreigners promptly sold out in a market which offered them liquidity because of its size and because (unlike Hong Kong) it was open. Local institutions followed.

Another technical reason the market fell further was the inability of companies to buy back their own shares. Changes to this rule are being sought, but it meant prices lacked an underpinning other markets enjoyed.

At the November 11 low point, the market was back to levels seen in August 1986, and some saw this as serious but not calamitous, because it followed a bull run lasting five years.



Indeed, several well-known corporate figures have since suggested that their companies are immune to the share price plunge and, for that matter, a recession. Yet in expressing their confidence so publicly, they have also managed to arouse suspicion that things are as disturbing as the sheer drama of it all suggests.

The environment now is very different from last year, and several less optimistic corporate figures (together with the political opposition) have expressed their concern, urging a further tightening of fiscal policy and depreciation of the Australian dollar, which has already moved down with the US dollar.

Generally speaking, the overall mood is undoubtedly negative. Even Mr Paul Keating, the federal Treasurer and the key economic minister in the Labor Government, has acknowledged that there will be some impact on world economic activity. Though he is awaiting developments, most expect a mini-budget next year.

The larger fear concerns the wider world - the impact of the US budget deficit cuts on markets and growth, the willingness of Japan and West Germany to reflate, the prospect of a real sharemarket collapse in Japan. On these matters, Australia remains a spectator.

Chris Sherwell

Drifting back to complacency

Wall Street

CRISIS - WHAT crisis? From Washington and Wall Street to Tokyo and Zurich, business as usual is gradually resuming. The traders, politicians and pundits who got the fright of their lives on Black Monday are rapidly recovering their composure.

Admittedly, the volume on the stockmarket is not yet very lively and there has been a sleepless night or two for budget negotiators from Congress and the White House. But, all in all, the world is moving back to the lobotomised complacency which has been the ruling passion of the Yuppie generation of the mid-1980s, as surely as was half-baked eastern mysticism for the flower children of 20 years ago

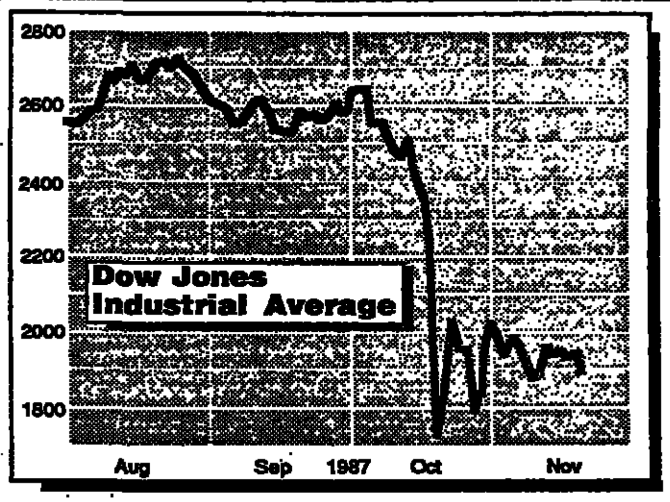
After all the dire warnings from Wall Street and the foreign exchange markets about the appalling retribution which would befall the world economy if there was no serious action on the budget deficit problem, the politicians decided to call the yuppie financiers' bluff.

The deficit "solution" they seemed to be approaching yesterday morning lived up to the most hardened cynics' worst expectations. The politicians' three weeks of hard labour under the lash of the financial markets was coming up with total savings precisely equal to those which were mandated anyway under the Gramm-Rudman deficit reduction law, which was passed by Congress more than a year before Black Monday. The appearance of slightly bigger than expected budget cuts - $30bn in the first year instead of the $23bn required under Gramm Rudman - was nothing more than that; yesterday's package included roughly $6bn of accounting manipulations connected with asset transfers off the Federal budget.

But it was the composition and the symbolism, rather than the mere numbers, of the package, that gave the few sincere budget cutters in Washington most cause for concern. For, far from agreeing a series of plausible measures to bring US fiscal policy back under control in the long term, the budget negotiators produced nothing but a skeletal set of numbers.

They made none of the hard policy choices which will be needed to flesh out that skeleton and actually ensure that the cuts agreed on yesterday are put into effect. And judging by past budgetary performance in Washington, this skeleton, already reminiscent of the old adage about a camel being a horse designed by committee, could look more like an elephant by the time it is filled out. Which taxes, for example, will the Congress raise to generate the $9bn in new revenues which are the biggest single item in the budget deal? Yesterday's "agreement" appeared to give no real indication.

In summary, the news about a budget deal seeping out of Washington yesterday morning seemed to be precisely the kind of sham which the politicians had resolutely forsworn and the financiers had vowed to punish ruthlessly in the aftermath of Black Monday. How, then, did the markets react? Throughout the week, as the framework of the budgetary elephant-cum-camel became discernable in Washington, the stock market found it difficult to restrain recurrent impulses to rally.



The dollar, too, seemed to rebound after every cyncial or gloomy political statement, like an unsteadily tethered hot-air balloon. Yesterday morning, the negotiators finally announced that they were to introduce their unappealing monster to President Reagan at the White House - complete with comments like "this is worse than mindless automatic cuts under Gramm-Rudman," "I'm doing this holding my nose" and "if Wall Street doesn't like this, that's too bad."

The supposedly indignant foreign exchange dealers reacted by instantly pushing the dollar more than four pfennigs higher, while the stock market recovered the whole of the 40 point loss it had sustained in the first half hour of the day, before the imminent agreement was announced

There are four conclusions that can be drawn from this remarkable victory by the politicians over the markets. The first of them is bullish for the stockmarket, while the other three suggest that the great bear market of the late 1980s has only just begun

It may be that the "economic fundamentals are sound," as President Reagan so ardently believes. All that was needed was for the political uncertainties over the budget to be resolved, whatever form the resolution might take. With that out of the way, confidence can now be restored, the dollar can recover and the bull market can spring back to life. It could be alternatively, that the budget deficit did not really matter nearly as much as the financiers and politicians had imagined.

The opposite possibility is that the economy is actually rather stronger than generally supposed, despite the crash in the stockmarket.

In the meantime, however, with the markets more preoccupied by fears of a recession, a rebound in the stock prices could well occur. Finally there is the simplest and most plausible explanation of all. The markets have simply reverted to the complacency which was so dominant in August. The crash of October has not been followed by a new crash in November. Why not suppose, then, that a nasty "correction" is now over and the mindless bull market of the complacent yuppies can resume?

Monday	1949.10	+	14.09
Tuesday	1922.25	−	26.85
Wednesday	1939.16	+	16.91
Thursday	1895.39	−	43.77

Anatole Kaletsky

David Waller charts the decline of the spiv stock

Market turns black

IT WAS an era of strange and wonderful corporate transformations; a time when financial engineers could and did transform coat-hanger companies into advertising agencies, department stores into stockbrokers, or wallet-manufacturers into office equipment distributors. It was called the bull market.

With the first precipitate slide in share prices, nearly five weeks ago, the era came to an end and so-called "special situations" "spiv-stocks" by another, less flattering name - lost their hypnotic charm.

Until the abrupt end of the bull market, the slightest involvement of a redoubtable management team, and the mere declaration of future intentions were enough to prompt a massive rise in a company's share price. Examples of such companies abound, and are not confined to the classic "shell" operation.

Glentree, a small North London estate agency which joined the Unlisted Securities Market a year ago this month, saw its shares speed from a placing price of 16p to a high of 320p. Similarly, shares in Marina Development Group rose from 75p to a high of 735p during the year; those of Acsis Jewellery jumped from 7p to a high of 286p; Pacific Sales Organisation trebled in one day and reached a peak of 360p against a low of 45p.

All these companies are creatures of the great and glorious bull market, now sadly deceased. In each and every case, investors willingly forsook any assessment of fundamentals; confidence in management's ability to come up with deal after deal was all that was required to sustain gravity-defying p/e ratios.

The high rating itself accelerated the process of growth as it made it easy for the company to issue shares to make acquisitions. Operating in entirely different sectors, companies like Norfolk Capital, the hotel group, and Local London, the business centre company, took full advantage of their heady ratings. Both have enjoyed explosions in their equity base and are now large, profitable companies with strong asset backing and cash-flow.

But now the party is over: the sea-change in investors' attitudes has hit special situations hard. Without fail, they have fallen further than the market; the worst hit were those companies which had yet to turn promise into performance.

Shares in Acsis, for example, have plunged by two thirds since the market crash - by 40 per cent in the first week alone. Glentree's have fallen by more than a half. The best performers in the run up to the crash have turned out to be the worst performers afterwards.

Earlier this year, Darryl Phillips, a South African entrepreneur, took a stake in Acsis and said that he wanted to turn what was then a loss-making jewellers into a large advertising agency. Unfortunately for him, the intervened before he could get any deals off the ground. A major acquisition - worth around £70m - has been abandoned, and Acsis remains a loss-making jeweller, as this week's interim figures amply testify.

Phillips is sanguine. "The big deal may be off, but there are two others in the pipeline. We may not be able to grow as fast as we intended, but we still intend to become a very big company." He believes that the crash will make potential acquisitions cheaper, but this is not much of consolation in a market climate where it is well-nigh impossible to get issues of new shares underwritten.

Glentree owed its spectacular share price performance - a gain of over 2,000 per cent at one point - to David Thompson, the publicity-shy co-founder of Hillsdown, the fabulously successful foods group. In June, it was announced that Thompson was taking a 54 per cent stake in the company. Although he had no intention of playing an active role in Glentree's management, this was enough for the shares to double in one trading session.

A more colourful counterpart to Thompson is Trevor Abrahmsohn, Glentree's managing director who advertised the flotation by driving to the Stock Exchange in a Rolls Royce Corniche convertible decorated with tinsel and balloons. He is undaunted.

"We have the nucleus of a colossus," he said this week. "We are keeping to our bullish and ambitious growth plans. We still have David Thompson paper - all the more desirable a commodity under present conditions."

Fortunately for Glentree, it has assets other than David Thompson paper. In particular, it has £8m in cash raised from a 2-for-1 rights issue in May. It also managed to buy Hampstead's biggest firm of estate agents before the market rot set in.

Some special situations are feeling smug. Marina Development, for example, managed to hold a £37m rights issue in late September, allowing it to buy five marinas from the Rank Organisation and clear itself of debt. "We're bullet-proof," professed David Heimann, the chairman, a fortnight ago.

Not all are so lucky and the era of fabulous corporate transformations - and equally fabulous returns for plucky investors would seem to be over.

'We'll take the low road'

"I SUPPOSE you could say that we're coming down from our tower," said David Ross, the finance director of Ivory and Sime, coining the obvious pun with a somewhat sheepish grin.

The independent Edinburgh investment managers are to become better known to the public. Ivory is moving into the up-market end of the retail financial services business.

It recently hired Richard Carswell and 13 members of his team who ran the National Westminster Bank's successful unit trust arm, County Unit Trust Managers, and has set them to manage a new subsidiary, Ivory and Sime Financial Services. Richard Carewell has joined Ivory and Sime's main board.

Richard Carswell

"People automatically think this means we're going into the unit trust business," says David Ross. "That could be the logical next step." But for the moment the plan is to create a marketing operation which will dovetail into Ivory and Sime's existing operations.

Ivory and Sime, which operates from what it proudly says is Scotland's best business address, Number One Charlotte Square, has funds under management which are worth, following the stock markets crash, about £2.4bn. Of that about £1bn is in the 12 investment companies or trusts which Ivory and Sime manage (which have a total of 45,000 shsreholders); about £1bn in pension funds and about £000 managed on behalf of international institutional clients. These different sectors, along with one for development capital investment, are now run as separate subsidiaries.

The new financial services company is to act as a retail marketing operation for these subsidiaries, which hitherto have stuck to the wholesale market.

Initially it will concentrate on three main tasks:

- To develop and sell products for the pensions market, as exempt funds for the pension funds of medium and small companies. Ivory and Sime could also enter the personal pensions market, with the law on personal pensions coming into force next year. These products would be marketed through financial intermediaries.

Ivory and Sime has recently done less well than other independent Scottish fund managers in getting new pension business, partly because of disappointing performance in the US equity market in 1986.

- The company will seek ways of marketing its companies through regional stockbrokers and financial intermediaries. As is well known, investment trusts, unlike unit trusts, are not permitted to advertise.
- It will try to extend the market for its offshore products from foreign institutional investors to high net worth individuals, mainly outside Britain..."The sort of person who invests £25,000 at a time in the equity market rather than £1,000," says David Ross.

The core of the new team will work from Ivory and Sime's newly established office in London, and the rest are in Manchester, Leeds, Birmingham and Bristol.

"Since Big Bang it's clear that companies like ours must have our own distribution channel," says Ross. The past history of Ivory and Sime is one of managing funds on behalf of clients - for example Save and Prosper in the 1960s and 1970s - who later withdrew the money when they established their own in-house fund management teams to complement their distribution operations.

Before acquiring the County Unit Trust team Ivory and Sime examined other options, which included acquiring a company in the retail sector, reversing into another company and using its distribution channel, or building one up from scratch in-house. The fourth option, of hiring much of an existing team which became available following the sale of County Unit Trust Managers to Britannia Arrow, turned out to be the most attractive.

"It was a group of people who had got separated from their funds," says David Ross. "But unit trusts are not their only speciality. They see this as a much bigger remit."

James Buxton

Security in the home

John Edwards reports on a new way to cash in on your home

MANY investors seeing the value of their share portfolios slashed during the past month may need to look for help from their other main asset their residential property.

Royal Bank of Scotland this week became the latest group to offer help, at a cost, in freeing the money tied up in your house. Called Equity Release, it is a mortgage-related loan scheme. In other words you can borrow more money using your house as security at an interest rate close to the normal mortgage rate and far below the amount charged for personal loans.

Under the scheme the Royal Bank will lend up to 80 per cent of the value of your house, less any outstanding mortgage. You don't have to be an existing customer of the bank but you do have to be a house owner more than 18 years old and have sufficient income to meet your monthly repayments comfortably.

There are two variants of the scheme. You can either receive a lump sum straightaway or you can simply create a reserve credit facility that can be used when you like.

If you choose to take a lump sum immediately you can repay the capital and interest in monthly instalments, in which case you have to take out appropriate life assurance cover. Alternatively you can make interest only payments on a monthly basis and repay the capital sum at the end of the loan period - anything between three to 25 years - from the proceeds on an endowment or pension policy.

If you don't want the money at once, you can create a reserve borrowing facility and be given a cheque book which you can use at any time. Again you will have to take out life assurance cover for the full value of the reserve facility, but payments only begin when you have drawn cash from the reserve.

The revolving equity release scheme is more expensive in that the rate of interest is base rate, plus 2.5 per cent, while you pay the current mortgage rate on the loan scheme. In both cases you pay an arrangement fee of £108, plus valuation and legal fees. So it is not as cheap a way of borrowing money as it might appear on first sight.

Like many similar schemes launched recently, Royal Bank's is not much use to those with limited, or declining, incomes who live in houses whose capital value has risen sharply - "the house-rich income-poor" category.

They do not want to borrow money, even at a competitive rate of interest. They want to transfer some or all of the capital value of their property into enhancing the meagre income they receive during their lifetimes.

Age Concern has just published a very useful book, which it claims is the first consumer guide for those who want to turn their property into a lifetime income.

The author is Cecil Hinton, a well known specialist in this area, who describes the various home income and home reversion plans available. He also covers the pitfalls and disadvantages.

Using Your Home as Capital - a guide for elderly people raising cash from the value of their home - is available from Age Concern England, 60 Pitcairn Road, Mitcham, Surrey, CR4 3LL. The price is £1.95, including postage and packaging.

NEW MORTGAGE RATES	
Abbey National	10.1%
Alliance & Leicester	10.275
Barclays Bank	10.3
Halifax	10.3
Household Mortgage	10.15
Leeds Permanent	10.3
Lloyds Bank	10.5
Midland Bank	10.5
Mortgage Corporation	9.95
National Westminster	10.25
Northern Rock	10.3
Royal Bank of Scotland	10.25
Sumitomo	9.9
Woolwich	10.2

Mortgage war latest

ABBEY NATIONAL Building Society yesterday threw the mortgage market into confusion by cutting its home loan rate by 1.15 to 10.1 per cent. The Society had already announced, following the decision by the Halifax to cut its rate to 10.3 per cent, that it too would reduce its rate on December 1, but held back from specifying a figure. With the benefit of the delay it has come out with a very competitive figure, undercutting its main rivals.

Earlier this week the Woolwich Building Society said it was cutting its rate to 10.2 per cent, while Alliance & Leicester has come down to 10.275 per cent. Leeds Permanent and Northern Rock have followed the Halifax move to 10.3 per cent.

Amongst the big societies only Nationwide Anglia has yet to make up its mind. For the moment its rate remains at 11.25 per cent, like most of the smaller societies, who no doubt are waiting to see the result of the battle between their bigger brethren.

Meanwhile, Lloyds Bank decided to follow Midland's lead in reducing its rate only to 10.5 per cent, but Royal Bank of Scotland is taking a more competitive stance moving down to 10.25 per cent.

The lowest rate so far is the 9.9 per cent by Sumitomo Bank, reflecting its desire to capture a larger share of the mortgage market. Girobank is also offering a rate of 9.9 per cent, but only on mortgages over £50,000.

John Edwards

EURO TUNNEL

Ballot for fair shares

Richard Tomkins reports on plans to allocate holdings in the Chunnel

PRIVATE investors wanting a stake in Eurotunnel, the Anglo-French Channel Tunnel company about to be floated on the stock market, will probably have to fight for it. Of the 220m units being sold, only 59m are to be allocated to private investors in the UK: so if all 600,000 investors who have expressed an interest in the issue were to apply, they would only get 10 units each.

A severe rationing is therefore in prospect. How will it work?

First, no successful applicants will be given an allocation that entitles them to a lesser travel perk than the one they had hoped to obtain. Those who applied for 1,500 units with the aim of securing unlimited return journeys through the tunnel for life will not end up with 100 shares giving them just one return trip in the first year. And no successful applicant will be allocated less than 100 units.

However, within the various bands of perks, there will probably be not only a scaling-down exercise but also a ballot in which a large proportion of applications will be thrown out.

Unusually in new issues, the ballot is a weighted one. This means that within each band, larger applications stand a better chance of success than smaller ones.

In Eurotunnel's case, for example, all applicants for 100 to 400 units might be rationed to 100 each. Then there would be a ballot in which applicants for 400 units were four times more likely to succeed than applicants for 100.

The idea is to give, say, the head of family applying for 400 units the same likelihood of ending up with 100 as the family of four next door applying for 100 units each. It may be rough justice, but it is at least an attempt to be fair.

The same system would probably apply within the other bands of 500-750 units and 1,000-1,250 units. For 1,500 units and above, new issue methodology suggests that applications up to a certain level - say, 10,000 units would be scaled down to 1,500 and balloted, while larger ones would be free from the ballot but scaled down to a small percentage of the number sought.

Would-be investors crossing the Channel next week might always try their luck in France, where the units are being sold through the banks on a first-come first-served basis. But it would be unwise to make a special journey: the transaction requires an account to be opened and most branch managers will prefer to deal only with existing account holders.

Move into the movies

IN THE NEWS

AN INTERNATIONAL film bond launched by Film Bond Management UK Limited and the Sun Alliance Insurance Group this month offers small investors their first chance of high returns from a box office hit.

Half the investment - a minimum of £1,000 goes into a Sun Alliance managed fund, with annual growth of 17.2 per cent since 1982, and the rest into the film bond.

The film industry can be risky so the film bond invests in six or seven feature films with budgets of £1m to £8m, selected by professionals for their saleability and creativity.

International distributor Eleanor Powell, who sits on the selection panel, said: "No matter how worthy a film, it will not achieve the profits it may deserve without good distribution."

A maximum of 40 per cent of the total budget for any project is invested once most of the finance has been raised. A compulsory completion bond ensures the film is produced within the budget and time span.

Money from video, television sales and big screen distribution accumulates until the bond is terminated at the end of the fifth year, then distributed among investors. Residual monies generated after termination are distributed annually or sold for a capitalised payment.

The 50 per cent invested with the Sun Alliance managed fund can be redeemed at any time. Initial charges are 5 per cent and annual charges 1 per cent.

The film bond also offers the chance to meet the stars, with newsletters, studio visits and invitations to join actors and actresses at private viewings of the films sponsored.

Rebecca Stephens

John Edwards on a new fund investing in currencies

Betting money

SEEK SAFETY in currencies. That is the somewhat controversial message being used to promote the launch this week of the Dumenil Managed Currency Fund.

The new fund, registered as a limited company in Guernsey, avoids the risk of dabbling in the equity markets. It plans instead to invest in currencies, through interest bearing deposits and short-term monetary instruments.

This may provide a higher income yield, but the currency markets are highly volatile and judging them correctly is notoriously difficult. Dumenil has recruited London bankers Leopold Joseph, to act as adviser to the manager and a diversified currency portfolio will be maintained. But it is hardly a safe haven.

Initial offer price is £1 per 1p participating share and the minimum investment is 1,000 shares. There is a manager's initial charge of 3p and an annual fee of 0.75 per cent of the net value of the net asset value of the company. As a limited company the fund issues and redeems participating shares at prices based on the underlying net asset values.

Some still made money

Alex Nicoll explains the ups and downs of the options market

The traded options market at the Stock Exchange at the height of the crash

EVERYBODY lost money in the stock market crash, and especially investors in that highly speculative traded options market. Right? Wrong.

Some people made big profits, like the person who bought 500 put options on a US stock index and stood to make $1m for each point that the index fell - it fell nearly 60 points on Black Monday alone.

Nevertheless, the crash has rammed home basic lessons about options that some brokers and investors had either forgotten or never learned. Every responsible publication, including the FT, had stressed that options were a risky business: that investors could make big gains but could also lose all the money; that their losses could be unlimited if they "wrote" or sold options; and that option price movements are far greater than in the underlying stock market.

The case of the 23-year-old client of County NatWest, a trainee accountant who incurred losses of more than £1m, some 165 times his £6,400 annual salary, has been the most publicised example of what can happen to those "writing" options. Many other individuals and institutions involved in less risky strategies also suffered substantial losses.

Options and futures, and investment strategies which employ them, have been criticised as contributing to the crash. In fact the effect was negligible at most, as the trading strategies in question are barely used.

When mayhem struck on October 19, the Stock Exchange's options market was thrown into turmoil like any other. The most immediate effect was that market makers - the firms at the centre of the market - drastically widened the spread they made between bid and offered prices.

This was a regrettable but natural reaction to fears of big losses and mirrored what happened in the stock market itself. "They had to cover their own backs," says Mr Nicholas Rowley, who heads the private client sales desk for options at Smith New Court.

The second and most obvious effect was to cause huge price changes. Some options were immediately rendered worthless, others acquired enormous value. The effects of these changes can still be seen, because a big factor in options prices is the volatility of share prices. The greater the risk that an option might be exercised - that the share price might rise or fall to the exercise price - the higher the price the seller of it will demand.

However, the biggest fear of a futures or options exchange when there are huge market moves are that the market's own systems and safeguards will fail to function. In general, London's markets held up.

The London International Financial Futures Exchange and the Stock Exchange's traded options market are both cleared by the International Commodities Clearing House, which stands as the counterparty to each trade. A series of calls for additional margin were issued and met by the exchange's member firms. If they had not been, it would have been a serious matter. As it is, officials of both exchanges say events underline the adequacy of their margin arrangements.

The biggest problems were not in options on individual stocks, but in options on the Financial Times-Stock Exchange index of 100 shares. These had been thought less risky because the risk was diversified over 100 shares rather than concentrated in one, and therefore had only a 7½ per cent margin requirement. After the index fell an astonishing 250 points or 11 per cent on October 19, this was quickly hiked to 12½ per cent.

On Liffe, FT-SE futures margins were raised from £1,500 to £5,000 and then to £7,500, 18 per cent of the contract's value of £41,500 with the index at 1,660. This means that the initial margin payment is sufficient to cover losses stemming from a 300 point move in the FT-SE index.

Richard Verin of brokers James Capel believes that market makers tended to be short of puts on the index - in other words they had sold to institutions the right to buy a notional basket of stocks at a value far above the new lower level of the market - and suffered as a result. This would partially explain the huge bid/offered spreads of 100 points which they were making in FT-SE options.

So who lost and made money? In general terms, this is what happened:

- **Holders of call options**, many of them small investors, mostly lost their money. They had been betting that share prices would rise, raising the value of their options. A fall in share prices to far below exercise prices would render their options worthless, or nearly so. As an example, an option to buy a British Telecom share at 240p before the end of November cost 35p on October 13. Four weeks later, with the share price having dropped from 270p to 225p, the same option cost 1½p. But losses of call option holders would be limited to the price they paid.
- **Holders of put options** made a lot of money. If they were institutions hedging a portfolio of stocks, they avoided losing money in the share price fall. If they were individuals taking a punt on share prices falling, they were proved right. They had the right to sell shares at prices far above the new market levels. They could either exercise the option and do this, or sell the option at its vastly increased price.
- **Sellers of call options** did not lose money, but did not make much either. They could pocket the price paid to them for the options they had sold, which would mostly expire worthless and unexercised.
- **Sellers of put options** - mostly institutions - suffered large (and essentially unlimited) losses. They were obliged to buy shares at exercise prices far above market levels. Otherwise, to close out their position and avoid this obligation, they would have to buy put options at prices far above what they had received for selling the option. A put option on the FT-SE index with an exercise level of 2150 would have cost about 5p just before the crash. Two days later, it would have cost 450p.

In the aftermath, all participants are likely to be reassessing their positions. Bid/offered spreads have narrowed somewhat but they are still wider than they were before the crash. Transaction costs are substially higher because of higher margins. The sizes in which market makers are prepared to deal has diminished.

Brokers will be looking at the margins which they charge and wondering whether clients should be allowed to put up shares of which the value may be falling rapidly as collateral.Turnover in traded options has fallen off substantially since the crash.

Brokers report that despite the big losses which some must have experienced, there are private clients still showing considerable interest in options; according to one broker, some are "over-eager to deal."

Institutions tended to sell options in order to earn a little extra income on their stock portfolios. This modest income could have been translated into unexpected losses, which could put them off for the time being. Though the high level of prices - due to increased volatility - might make put options attractive to sell, institutions would need to have nerves of steel to do so.

The hedgers and ditchers at work

OPTIONS provide the buyer with the right to trade stock at a fixed price - the strike, or exercise price - at any time before the option's expiry. A right to buy a stock is a "call option", and the right to sell is a "put option". If an option is exercised, the seller is obliged to sell or buy the stock in question at the exercise price. On the Stock Exchange, each option typically represents the right to trade 1,000 shares.

Participants initially put up only a proportion of the actual value of their position: a minimum of 20 per cent plus or minus the amount by which the option is "in the money" or "out of the money" - the gap between the exercise price and the market price of the stock. They will be asked for more "margin" payments if prices move against them.

Options can be used both to hedge a stock portfolio - to protect against possible losses - and to speculate. In the long term, the market could not exist unless it was populated by both hedgers and speculators.

Christine Stopp compares the alternatives to holding stocks

The secret of bonds' success

IN THE WAKE of the crash, it is worth looking again at the comparison between investment bonds and unit trusts, since bonds have a number of defensive qualities which enhance their value in current conditions.

Looking at performance figures for six months to November 1, sector averages have tended to outperform their unit trust equivalents by a few percentage points. For example, a £100 investment in the average European bond fund would have been worth £78.50 compared to £75 in the average European unit trust. Bonds outperform unit trusts by similar levels across the board, in spite of the fact that, in normal circumstances, one would expect the trusts to do better.

The cause of the anomaly lies in the bond fund capital gains tax reserve, which is the feature usually quoted as the reason for poorer performance by bonds. The capital gains tax reserve is calculated every time the bond is priced. The underlying asset value is reduced by a certain percentage, as if the whole portfolio were to be liquidated immediately and a CGT liability were to be created on the accumulated gains.

As the asset value of the underlying investment rises, the accumulated gain grows, giving rise to a higher CGT reserve. This is why a bond will do less well than a unit trust in a rising market. When the price of the underlying investment falls, the CGT reserve is reduced, so the bond price will not fall as sharply as that of the unit trust.

Some months ago, Hill Samuel actuary Peter Morris produced a research paper which looked at the effects of a number of variables on bond and unit trust investment. The table accompanying this article is based on his figures.

One of the themes of the paper was the timely idea that in a period when investment returns are made up more of income and less of capital growth, the CGT liability on a bond will be reduced in significance. The table assumes a 13 per cent average annual return (the maximum assumption permitted by the Association of British Insurers), made up either mostly of income or mostly of capital growth.

To assume a return made up of 8 per cent income and 5 per cent growth is admittedly at the limits of likely future experience, but the effect on bond returns is nevertheless clear. The bond outperforms the unit trust in all instances.

If most of the return over the next few years is through income rather than capital gains, the climate will be favourable to bonds. The advantage of CGT exemption is reduced in a climate of lower capital gains and, as Hill Samuel's Andrew Chamberlain points out, capital gains up to the level of inflation are free of CGT anyway.

Hill Samuel also argue that a bond investment actually has a geared effect similar to that of an investment trust, in that the investor, because of the CGT reserve, is effectively buying at a discount to net asset value. With a CGT reserve equal to 10 per cent of the fund, a £100 investment benefits from the growth and income on £110 of assets.

Other instances from the table where the bond outperforms the unit trust are where switching has occurred or where the bondholder is a higher rate taxpayer during the life of the investment whose income drops to basic rate level in retirement.

The latter category, says Andrew Chamberlain, is the "really classic situation where the bond scores heavily". Because the bond defers tax liability, the investor can accrue gains made while a higher rate taxpayer, and pay for them, eventually, at the basic rate. The eventual return will be the same as if the investor had been a basic rate taxpayer throughout. Even a drop in income from, say, the 50 per cent to the 40 per cent band will have this effect to some degree.

An investor who intends to switch will also find there are advantages in bonds, since moderate switching is quick and free of charges and capital gains tax.

Like unit trust sales, bond switches may have been subject to some delay during recent market conditions. Hill Samuel, who normally make a switch the day after instructions are received, exercised their right to take two days once the crisis struck.

The ability to switch into a cash or other non-equity fund is also beneficial for the investor who foresees bear market conditions, though it is no help once they actually strike. There are probably quite a few bond investors who have effectively sold at the bottom of the market by switching their stock market losses into a cash fund.

INVESTMENT BONDS VERSUS UNIT TRUSTS
(Returns on £10,000)

TAX BASIS Income tax	Capital gains		13% PA RETURN, MADE UP OF: 2% income 11% capital growth Bond £	UT £	8% income 5% capital growth Bond £	UT £
NO INCOME DRAWN, INVESTMENT CASHED AFTER 10 YEARS						
		NS	26,376	28,992	26,146	24,610
27	0	S	26,294	25,624	26,601	21,855
		NS	20,972	25,298	20,818	20,007
60	30	S	20,917	21,971	20,761	17,723
		NS	26,376	25,298	26,146	20,007
60*	30	S	26,294	21,971	20,061	17,723
5% INCOME PA DRAWN, BALANCE CASHED AFTER 10 YEARS						
		NS	18,091	20,382	17,938	17,011
27	0	S	18,008	17,609	17,856	14,680
		NS	13,771	17,286	13,668	13,051
60	30	S	13,715	14,597	13,614	11,174
		NS	18,091	17,286	17,938	13,051
60	30	S	18,008	14,597	17,856	11,174

NS – no switching S – switched every other year

* assumes 60 % personal tax during life of investment, and 27 % when cashed

Source: Hill Samuel

Covered by insurance

SYSTEMTREND, an open-ended investment company registered in Bermuda but set up by Alexanders Rouse in London, was one fund that gained during October: it put on 10.9 per cent. The fund has achieved an annual compound return of 26 per cent since its launch some five years ago.

But as an insurance policy the group always takes out protection in the form of options against any large financial risk incurred as a result of the advisers' dealings. Last month it paid off.

Minimum investment in Systemtrend is a hefty £50,000 - but it need only be £10,000 if done via a company.

John Edwards

Donald Elkin points out a tax-efficient investment

Building society rule may help expatriates

UK BUILDING society accounts became, for the first time, a tax efficient investment for expatriates on April 6, 1986. Under rules which came into effect then you could, by the simple expedient of completing a declaration of ordinary residence outside Britain, receive your interest without deduction of the previously unavoidable - and irrecoverable - composite rate tax.

This brought the societies into line with the banks which had benefited from a similar change a year earlier. Many societies geared themselves up to meet this new opportunity with every expectation that their traditionally keen rates of interest would attract a sizeable portion of working expatriates' considerable savings.

Some, like the Halifax, made their whole range of investments available, although the typical offering was rather more limited than this. Somewhat surprisingly, early results seem to have been patchy. The reactions of the societies contacted varied from "delighted" to "satisfactory" to "none too pleased."

Perhaps at that stage the pull of equity markets in the midst of a long bull run was simply too strong. If so, then the day of the building society non-resident account may at last have come to pass.

For even if you subscribe to the view that the stock markets will recover from their present levels and that now is an excellent time to invest, continuing uncertainties would seem to point to a higher level of liquidity than previously. Smaller investors, in particular, may prefer to keep away from equity markets altogether, for the time being at any rate.

Whichever camp you are in, the societies can accommodate you. As can be seen from the table, high rates of interest are available even for instant access money, withdrawals requiring no notice and giving rise to no penalty. (A number of societies also offer term accounts with even higher rates of interest).

While some accounts provide a single rate across the board for all investments of £1 or more, others require a higher minimum and increase the rate of interest according to the amount invested.

BUILDING SOCIETIES "INSTANT ACCESS" ACCOUNTS TITLE

	Lowest Rate	Minimum Investment	Highest Rate	Minimum Investment for Highest Rate
Abbey National	9.00%	£500	11.30%	£25,000
Alliance & Leicester	9.00%	£1	10.50%	£10,000
Britannia	9.50%	£250	10.90%	£25,000
Cheltenham & Gloucester	10.50%	£5,000	10.50%	£5,000
Cheshunt	6.64%	£1	10.70%	£20,000
City of London	11.25%	£2,500	11.25%	£2,500
Coventry	6.85%.	£1	10.50%	£1,000
Derbyshire	6.85%	£1	6.85%	£1
Gateway	10.50%	£1	10.50%	£1
Halifax	8.97%	£500	10.30%	£10,000
National Counties	9.90%	£1	10.40%	£5,000
National & Provincial	8.97%	£500	10.63%	£30,000
Nationwide Anglia	10.00%	£10,000	11.00%	£25,000
Northern Rock	10.85%	£1	10.85%	£1
Portman	11.00%	£500	11.00%	£500
Woolwich	9.30%	£500	10.63%	£20,000
Yorkshire	9.37%	£1,000	10.70%	£25,000

With interest rates trending downwards, those specified in the table may be short lived. But even if they are it seems unlikely that societies will be willing to surrender their competitive edge.

A word of warning, however, before heading for the nearest UK building society (or bank for that matter). Such accounts are not suitable for expatriates in the tax year that they resume UK residence, or for non-resident Crown Servants at any time.

While they may succeed in having the interest paid gross, the tax originally foregone might well be clawed back. Consequently, they would be better off invested in non-resident deposit accounts, those based in the Isle of Man or Channel Islands being ideal for the purpose.

Donald Elkin is a director of Wilfred T. Fry of Worthing.

Bonus on interest

WITH IMMACULATE timing, National & Provincial Building Society is offering a 10 per cent bonus for all investors in its Instant Access account.

The offer applies to new investors opening an account before the end of November, as well as to existing customers up to the end of December. There is a minimum of £500 and a maximum of £4,999 for new deposits.

At current rates investors will receive, taking the bonus into account, interest equivalent to 7.43 per cent instead of 6.75 per cent up to the end of the year. However, the bonus interest will not be credited until March 1 next year.

Amex Gold loses its glister

THE American Express Gold Card is looking a bit tarnished these days, at least for those who obtained their card via Lloyds Bank.

Apart from the flim-flam about being able to obtain superior service from over-priced restaurants and hotels, to many people the main attraction of the Gold Card was that it offered a guaranteed overdraft facility (now £10,000) at not more than 2.5 per cent above base rate. No grovelling to the bank manager, you could simply go into the bank, through which you obtained the card, and borrow up to £10,000 without question.

However, Lloyds Bank has now changed the rules. With effect from this week Lloyds has altered the interest rate you pay on American Express Gold Card overdrafts to one per cent a month - equivalent to an annual percentage rate (APR) of 12.6 per cent.

The bank says the change is in line with its policy of moving to managed interest rates, which are far less volatile than those tied to the base rate. According to Lloyds, many customers prefer a managed rate, since it is easier to plan ahead at least on a monthly basis.

When the change in the Lloyds rate was announced last month the APR of 12.6 per cent was competitive with the 2.5 per cent above base rate for borrowing being charged by rival gold cards. However, the recent fall in the bank base rate to 9 per cent means the Lloyds rate is now more expensive.

More important, perhaps, is that many holders of American Express Gold Cards (and I must declare a personal interest) liked the fact that the interest rate, by being tied to a known percentage above base, always provided a way of borrowing money at one of the cheapest possible ways.

That now no longer applies with the Lloyds version of the Gold Card, since the bank decides the rate. Bearing in mind that Lloyds already charges more than the other clearing banks on the interest rate of Access cards, holders cannot be confident that they will able to borrow at a competitive rate on their Lloyds' Gold Cards.

The obvious answer is to go elsewhere. But what about those who have just taken out a Lloyds American Express Gold Card, or have just renewed their £60 annual subscription for the privilege? As Lloyds has changed the conditions of the product, logically you should be entitled to a refund if you do not accept the new terms.

American Express are quite sympathetic. They say there is no automatic refund, but they will consider requests for surrendering the card from holders who want to switch from Lloyds, or alternatively may arrange a free transfer to another issuing bank, such as Royal Bank of Scotland, who have no plans to change their rate.

Another alternative is to cut your losses and go elsewhere. At present the NatWest Gold Card is considered the best value for money.

John Edwards

Financial life begins at 40

Youth is no asset in a bear market, says Kevin Goldstein-Jackson

DIARY OF A PRIVATE INVESTOR

"DADDY, can we go to the moon for Christmas?" asked my two young daughters.

"No," I replied. "But you might be able to go through the Channel Tunnel in 1993".

"Why can't we go to the moon?"

"Because British industry hasn't yet decided to fund its own space research by appealing to the private investor in the same way as Eurotunnel".

The Eurotunnel share offer looks, at first sight, an interesting investment for the private investor - purely because of the much-hyped travel perks.

I have doubts as to the profitability of the venture, partly due to cost overruns in the tunnel's construction. I would have preferred a channel road bridge built across artificial islands. I am concerned about possible terrorist activity in the tunnel. Already, airline passengers and their luggage are subjected to time consuming searches at airports - how much longer will it take to search every vehicle before it boards a Eurotunnel train? Such delays could make it quicker to travel by plane or hydrofoil.

However, the Eurotunnel share issue looks as if it might go quite well and the shares might even go to a modest premium. The travel perks seem attractive, but I will closely examine all the small print of the prospectus and read as much informed press comment as possible before I decide whether or not to apply for shares.

Some other companies have withdrawn or dramatically modified their share perks because they found them too expensive to operate - how do I know Eurotunnel will not eventually do the same?

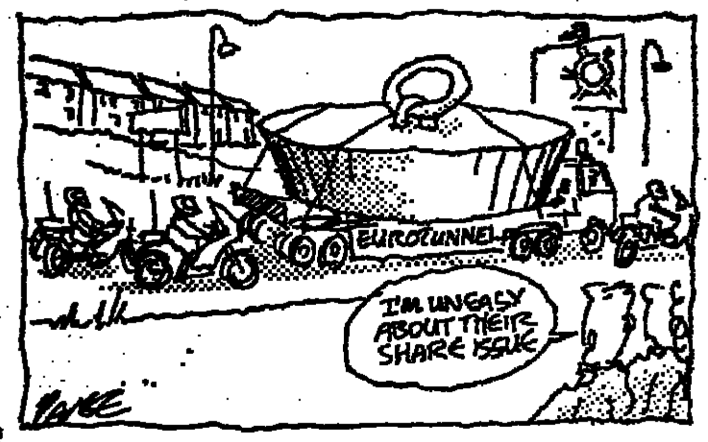
Meanwhile, I am concerned about the recent small rise in the UK inflation rate. My wife already has the maximum £5,000 investment in the fourth issue of index linked National Savings Certifictes, and so I have made an investment in them too.

These certificates can be purchased through most Post Offices and UK banks. The certificates offer a tax free rate of return which matches the rate of inflation plus an extra interest rate which, if the certificates are held for five full years, adds up to an overall return of 4.04 percent a year on top of the inflation proofing.

As the stock market still seems somewhat nervous, index linked savings certificates seem a safe haven for longer term "spare cash".

In these turbulent times, I wish the Government would increase the amount an individual can invest in such certificates.

The current state of worldwide stock markets has not stopped the launch of new unit trusts. Recently I received details of the new worldwide tactical performance trust, run by Scottish Equitable, who believe that "recent market falls will bottom out in the near future". I wish I could feel as confident that the market will not fall again.



In the past few years, the FT and other publications have featured numerous advertisements from City employers seeking staff aged under 40. Youth, apparently, seems to matter more than ability. Having myself reached the grand old age of 41 this month, I was beginning to feel positively ancient until I read a circular from the Johnson Fry Group which accompanied details of the new worldwide unit trust. The circular highlighted the fact that the worldwide fund manager "is aged 40 and so he has seen a bear market before".

What I am really looking for is a fund run by an active 87 year old who made money in the 1929 crash...

BRIDGE

ONCE again you can enjoy the errors of the Rueful Rabbit, the brilliance and the arrogance of the Hideous Hog, and other characters of the Griffins Club against the background of ingeniously contrived hands. The late Victor Mollo's Destiny at bay has just been published by Methuen at £8.95.

We start with a pairs contest in which the arch-rivals, Papa the Greek and the Hog were partners:

N
♠ 9 4
♥ J 10 9
♦ K J 10 9
♣ A K J 10

W
♠ A J 10 7 6 5
♥ 5 4 3
♦ Q 2
♣ 8 7

E
♠ Q 8 3
♥ A K Q 8 7 6
♦ -
♣ 5 4 2

2

S
♠ K 2
♥ -
♦ A 8 7 6 5 4 3
♣ Q 9 6 3

Papa, sitting North, dealt with neither side vulnerable, and bid one diamond, East overcalled with one heart, and the Hog made a temporising bid of two clubs. West said two spades, and North raised clubs to three. This surprised South - the last time Papa raised his suit was in 1969, so he must have outstanding support for clubs. East now bid four hearts, South bid five clubs, and North went to six clubs East doubled to demand a diamond lead, and all passed.

West, oblivious to the implications of the double, led the five of hearts. Ruffing East's queen, the Hog cashed ace and king of clubs, relieved to find both opponents following, and crossed to hand via the club queen. He knew East must be void of diamonds, so he led the three and finessed the knave. This was essential in order to free the blocked position and the slam was fulfilled.

"Why didn't you lead a diamond?" said East. "Didn't you hear my double?"

"If you hadn't doubled," retorted West "South would not have taken the diamond finesse, and the suit would have been blocked."

In the next hand, also from pairs, the Hog, sitting South, is partnered by the the Rueful Rabbit:

N
♠ Q 5 4 2
♥ K 6 3
♦ 9 4
♣ K J 7 6

W
♠ J 9 8 7 6
♥ Q 10 8
♦ 10 5
♣ A Q 4

E
♠ -
♥ J 7 5
♦ A Q J 8 7 3
♣ 10 9 8

2

S
♠ A K 10 3
♥ A 9 4 2
♦ K 6
♣ A Q 4

East dealt at a love score and bid three diamonds, the Hog doubled, and the Rabbit made the expert reply of four diamonds. South's bid of four spades brought the auction to an end.

West led the diamond 10 won by East's ace, and South captured the diamond return. The ace of spades revealed the cruel 5-0 break, and South decided to operate an endplay. First the clubs had to be tested and when both opponents followed suit three times, the declarer felt happier. He led the fourth club and ruffed with the king of spades. The Corgi, who was West, cleverly underruffed. South cashed his ace of hearts, and led to dummy's king. West jettisoned his queen to avoid the endplay, and East won the third heart. When the diamond queen was led back, the declarer threw his last heart, and West ruffed with the eight of spades, dummy underruffing with the four. West was now endplayed, and had to lead from his J9 of trumps into declarer's split tenace.

"That is 420, and a cold top," said the Hog confidently. But there was a shock awaiting him. On the traveller, against the name of his arch-rival Papa, was 3NT played by South (he never supported his partner's spades) made with an overtrick for a plus score of 430.

E.P.C.Cotter

• FINANCE & THE FAMILY •

The widow's might

What advice can you give for an elderly widow, disabled by a stroke, who is threatened with the loss of her home by an avaricious daughter-in-law.

The widow, her husband and her parents worked hard for many years to buy a few acres and build a small house. These are her only assets of any consequence.

After her husband died the widow was given advice to give her only son a share of the property, purely as a legal device to reduce eventual death duty. Her solicitor took no precautions to protect the widow should her son die first.

Her son, a kind, generous, trusting, country lad eventually married a city lady who already had two children, and moved into town. He worked long hours away from home to try to give her the standard of life she desired. He became victim of business sharp practice and domestic problems and died two years ago in tragic circumstances on a railway line.

The son's widow smartly seized everything she could claim as his although much of the equipment was financed by his mother. She is now demanding her "pound of flesh" - the son's share of the property. I understand that *to satisfy* her demands an order has been served that the property has to be sold. (This arrived almost on the anniversary of her son's death and almost killed the widow!)

Noting that the elderly widow can ill afford to become involved in a costly legal battle, is there any advice or help you can give?

There is little prospect of the widow being entirely successful in combatting her daughter-in-law; for the rule is that a transaction entered into to avoid the incidence of taxes cannot afterwards be said not to have been a genuine transaction because it was only done to procure a fiscal advantage. However, if the share of the house which was given to the son is not substantially greater than the share retained by *his* mother she may be able to invoke the protection of a line of cases which enables the court to restrain a co-owner from enforcing the trust for sale where it can be shown that the overiding purpose of the parties concerned was to provide, or to maintain, a home for one of them.

Rental question

I am the lessee of a flat in a modern block which has been recently erected.

The standard lease contains a clause to the effect: "... the demised premises shall be used and occupied solely and exclusively as a self-contained residential flat and garage in one occupation only..."

It is known that one lessee owns two flats which are let during the summer on holiday lets and for longer lets during the *quiet season*. He does not reside at all in either flat.

Would it be possible for a management company/committee to require letting to cease on the grounds that this activity is one of trade and not residence? Further, can one person occupy *two* flats as a residence?

We think that neither flat is being occupied for the purposes of trade (or otherwise in breach of the covenant). It is possible for one person to occupy two flats as one residence, but here two people (or families) occupy two different flats. The point is that the covenant does not appear to require the lessee to occupy the flat or flats in question. However, there could be an infringement of a covenant restricting alienation (subletting, sharing, parting with possession of the whole of the premises) if there is such a restriction.

Drowning in paper

I would be glad of advice on how long to keep documents relating to home business affairs such as records of payments - gas, electricity, phones, rates, credit cards, etc; bank account transactions, income tax matters, proof of ownership and so on. These days the list is endless.

My store of paper has reached saturation point; I have recently retired and I think it is time the papers were pruned to the essential minimum.

I have heard in a vague sort *of way of some legislation* called the *Limitations Act* or the statute of limitations which defines periods after which a person is free of liability.

If you can point me in the right direction to find literature etc. which might help, I would be most grateful.

The Limitation Act 1980 (replacing earlier Statures of Limitations) prescribes times after which claims cannot be made at law. For most purposes, papers of the kinds which you describe, the period is six years. You need not keep receipts etc. more than six years old: many commercial concerns do not even keep records as long as that.

Investment for OAPs

As an OAP, I have a total taxable income of £6,000 and £60,000 invested in a building society. I need about £2,500 per year to supplement my pension and I have been told that the building society is not the best investment for income and savings.

So far I have had advice from my bank and would have invested in a managed bond scheme, but I lost confidence in the adviser as he would not put the proposals in writing prior to my handing over the money (£40,000). He advised me to invest with national savings, telling me that the interest (10.5 per cent) were not taxable for a person with my income. However, on checking I discovered that while I would not have been taxed at source, I would have had to pay tax on my yearly returns.

It is rather a pity that you did not tell us how old you are. If you were born before April 6 1908, your personal allowance for the current tax year (1987-88) is £3,070; if you were born after April 5 1908 but before April 6 1923, your personal allowance is £2,960; and if you were born after April 5 1923, your personal allowance is £2,425. If your husband died after April 5 1986, however, your personal allowance may be £1,370 higher than the relevant figure out of these three.

Whatever the appropriate figure might be, you want to make sure that you have sufficient income from sources other than building societies (and banks and deposit takers in the UK) to use up your personal allowance, after taking into account your national insurance retirement pension (ignoring last July's increase and the Christmas bonus).

Insurance bonds are not a suitable investment for someone like you, because of the potential age surcharge and so on. Have a look at the National Savings pamphlets in a local post office, for example. However, we should warn you that these pamphlets do not give an adequate explanation of the intricate and arbitrary rules governing the assessment of National Savings interest under case III of schedule D, nor the alternative extrastatutory bases of assessement.

You may like to suggest to Age Concern (or some other organisation) that they produce a pamphlet to fill the gap which has been left by the National Savings Department and the Inland Revenue, in relation to case III (and perhaps also insurance bonds) for people over 64.

Expatriate rights

My son has lived in the US for about five years, and has only been home once for a holiday about two years ago. He would eventually want to return to Northern Ireland permanently. He is a UK citizen and was ordinarily resident before that.

Will my son be entitled to personal allowances? He has accommodation available for his use in my house. Will he be regarded as a resident in any year he visits the UK, even for a two weeks holiday?

If you mean that your son has income arising in the UK, he may be entitled to a restricted personal allowance by virtue of section 27 of the Taxes Act, or he may be entitled to greater relief from UK tax by virtue of the US-UK double taxation agreement. It is unlikely that he will be regarded as resident in the UK merely because you keep a *room ready for him in your* home. Ask your tax inspector for the free explanatory pamphlet IR20(1986) - Residents and Non-residents: Liability to Tax in the UK.

Tax due as land is sold

I am to buy a small building plot, the sale of which will involve the vendor in capital *gains* tax.

If we agree to spread the payments over several years, with each one being less than the capital gains allowance, then- (i) will the vendor be free from capital gains tax, assuming there are no other gains? (ii) are there any legal pitfalls which merit special note?

Our intention is to reduce the purchase price and increase the benefit to the vendor.

The vendor's apparent ignorance of the basic principles of CGT suggests that he either has not consulted a solicitor or has been unfortunate in his choice of solicitor. The vendor's CGT liability will crystallise on contract day, by reference to the full sale price. He may be allowed time to pay part of the CGT if he can show undue hardship, by virtue of section 40 of the Capital Gains Tax Act 1979.

• BRIEFCASE •

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Brother's keepers

My sister-in-law and I are sole trustees of my late brother's will whose personal estate is considerable and from which his widow receives the whole of the income. To safeguard my brothers wishes, is it legally possible for me to appoint a trustee to take my place in the event of my death, or what steps are there open to me to see that this is done?

You can either appoint a new trustee to act with the two existing trustees now, or appoint by your will, but in the latter case this will be effective only if you are the later of the two trustees to die.

Seepage sorrows

Water is draining from the farmer's land at the rear of my parents' home on to the back wall of the house situated at a lower level. The farmer's solicitor has informed a neighbour that it is not the responsibility of the owner of land at a higher level to ensure that water does not encroach on to a neighbour's *land*. He quoted the case of Gartner v Kidman (1962) 36ALTR 43. I have been told otherwise.

Can you tell me whether local government or water authorities have any power to remedy this situation? *I am* concerned more with the gradual seepage over the long term and the resultant damage to the property. If there are prolonged periods of heavy rain it drains past the side of the house from the back and then down their drive.

Another neighbour at a lower level has a one-chamber brick septic tank situated alongside my parent's drive. It would appear that the surface water drains into this tank and seeps through the adjoining wall and down their drive. If this is a health hazard, what steps could be taken to have it remedied?

If the water is percolating naturally through the soil and is not in a defined channel there is no remedy available in respect of the water draining from the farmer's land. The case of the septic tank is different: your parents may be able to make a claim in nuisance if it can be shown that the artificial structure (the septic tank) causes the offending water flow.

CHESS

AT HALF-WAY in the world championship match, Gary Kasparov had recovered from an indifferent start and moved into a 6½-5½ lead in the 24-game series. Kasparov's advantage was by then significantly greater than the bare figures would indicate.

First, he keeps his title in the event of a tied match, so Anatoly Karpov must at least win two games without loss. Second, Kasparov already has three outright wins on the board and the series will be decided if either side scores six wins. Finally, Karpov's morale must be shaken by the deterioration in his score from 4-3 after seven games, as well as by the elementary blunder which cost him game 11 from a superior position.

Game eight, which Kasparov won in exemplary positional style, was probably the real turning point. It showed that the champion had recovered form from his hesitancy of earlier games and Karpov also had the unpleasant experience of defeat with his own weapons: strategical manoeuvres have long been a Karpov trademark.

White: G Kasparov. Black: A Karpov. English Opening (8th match game 1987).

1 P-QB4, P-K4; 2 N-QB3, P-Q3. Varying from 2...N-KB3; 3 N-B3, N-B3; 4 P-KN3, B-N5 which brought him success in game two.

3 P-KN3, P-QB4. Black takes a grip on some central squares, but also makes concessions. White later makes good use of Q5 and K4 for his knights and bishop.

4 B-N2, N-QB3; 5 P-QR3, P-KN3; 6 P-QN4! B-N2. Kasparov gains space. If Black accepts the pawn offer, White levels material with the better ending after 6...PxP; 7 PxP, NxP; 8 Q-R4 ch, N-B3; 9 BxN ch, PxB; 10 QxP ch, B-Q2; 11 Q-N7, Q-B1; 12 QxQ ch, BxQ; 13 N-Q5.

7 R-N1, KN-K2; 8 P-K3, O-O; 9 P-Q3, R-N1; 10 KN-K2, B-K3; 11 P-N5, N-R4; 12 B-Q2, P-N3; 13 O-O, N-N2; 14 P-K4, K-R1; 15 Q-B1, P-B4; 16 B-N5, Q-K1; 17 BxN, QxB; 18 PxP, BxKBP.

Bronstein, the 1951 world titles challenger, once said about such positions that "every Russian schoolboy knows that you retake with the pawn, not the bishop." Karpov believes, wrongly, that this is an exception; he never carries out the plan Q-Q2 and B-R6.

19 N-Q5, Q-Q2; 20 Q-Q2, N-R4. Waiting tactics, but B-R6, exchange of bishops, then N-Q1-K3-Q5 looks better.

21 N(2)-B3, QR-K1; 22 N-K4, N-N2; 23 P-QR4, N-R4; 24 P-R4, N-N2; 25 K-R2, R-QN1; 26 R-QR1, N-R4; 27 R-R3, R-B2; 28 Q-B3, R-Q1; 29 R-R2, B-R3; 30 N-N5, R(2)-B1; 31 R-K2, B-N2; 32 Q-B2, QR-K1; 33 N-K3, B-R3; 34 B-Q5, B-N2; 35 Q-Q1, P-KR3.

Only around here does Kasparov's *grand plan unfold*. His Q-side pawn advance is blocked, but a black knight is out of play, so White is virtually a piece up. On the other flank, White's idea is K-N2, R-R1, and P-R5 with dangerous threats to the black king. Karpov prevents this advance, but further weakens his light squares.

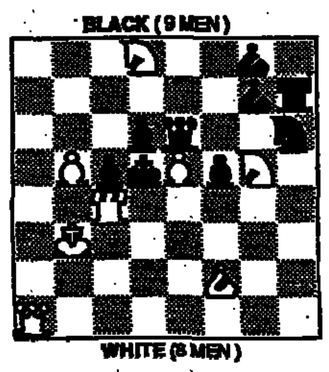
36 N-K4, Q-Q1; 37 R-R2, B-B1; 38 N-B3, P-R4; 39 B-K4, R-K3; 40 N(B3)-Q5, B-R3; 41 N-N2, K-N2; 42 P-B4! This last move before adjournment makes Black's position critical. If PxP; 43 N(2)xP, BxN; 44 NxB, R(3)-B3; 45 BxP! RxN; 46 RxR, RxR; 47 QxP! with a winning attack.

42...PxP; 43 N(2)xP, R-K4; 44 NxKNP! RxR; 45 QxR, RxB; 46 PxR, KxN; 47 R-KB2, Q-K1. No better is B-N2; 48 P-K5! and if BxP; 49 R-B8 or PxP; 49 Q-Q3 ch.

48 *P-K5! PxP*; 49 R-B6 ch, K-N2; 50 R-Q6, Resigns. If Q-B2 (the threat was Q-B6 ch); 51 QxQ ch and 52 RxB with a hopeless ending for Black.

PROBLEM No. 698

BLACK (9 MEN)



WHITE (8 MEN)

White mates in two moves, against any defence (by E Rukhlis).

Here White has a variety of plausible tries, all but one narrowly defeated.

Solution p XIX

Leonard Barden

• TRAVEL • MOTORING •

Michael Thompson-Noel reports on the wildlife of Madagascar - plus Victor Mallet on a walking safari in Zambia

Assault on the wilderness

MADAGASCAR IS a world that might have been and a land that never was - but hurry, hurry, for it is in danger of being ground to dust.

Shaped like the pigeon-toed print of a monstrous left foot, Madagascar looks overshadowed by neighbouring Africa. But then you land on it and appreciate that, at nearly 1,000 miles long and 350 miles wide, it is one of the mightiest of islands, only bested for size by Greenland, New Guinea and Borneo.

Sundered from Africa 165 million years ago, Madagascar is remote and enigmatic, though not nearly as enchanted as the legendary land described by Marco Polo, who was the first to name it Madagascar.

Drawing on travellers' tales while passing through Arabia on his way home from China in 1294, Polo wrote of the gryphon or rukh, wondrous birds that were "just like eagles, but . . so huge and bulky that one of them can pounce on an elephant and carry it up to a great height. Then it lets go, so that the elephant drops to earth and is smashed to pulp. Whereupon the gryphon bird perches on the carcase and feeds at its ease."

Three-and-a-half centuries later two employees of the East India Company, with motives of their own, puffed Madagascar to such an extent that according to one of them (Walter Hamond, a surgeon) it was the "Richest and most fruitfull island in the World." The other, a merchant, spoke of brave woods, marble hills, mines of gold and silver, meadows, pastures, ponds, beasts, fat brown oxen and astonishing fertility. He sounded almost like a travel agent.

It was never like that. More realistically, any modern-day journey to Madagascar is what zoologist Alison Jolly calls an excursion into a world that might have been - an alternative arena for the evolution of animals, plants and insects, some of them living fossils, others having evolved into creatures found nowhere else.

Four-fifths of its plants grow only in Madagascar, including six unique families. Only a dozen of its 400 species of amphibians and reptiles exist elsewhere. Half the world's chameleons live in Madagascar, while more than half its birds and virtually all its native mammals live nowhere else.

Yet as Jolly reported for National Geographic at the start of this year: "More and more biologists see this distinctive island as the world's foremost conservation priority: the place with the greatest number of unique species in the greatest danger of extinction." Appalled by the sight of a farmer setting fire to a temple of virgin baobab trees so as to open a clearing for corn, Prince Philip, wearing his World Wildlife hat, told Remi Tiandraza, a member of Madagascar's Supreme Council of the Revolution: "Your country is committing suicide."

A long-time observer of Madagascar and its environment, Jolly believes that Madagascar's socialist Government, which is wrestling with poverty, is becoming alarmed enough to modify economic policies that formerly put development ahead of conservation. But action has come depressingly late. The Malagasy, says Jolly, are a frontier people spurred by destitution to assault the wilderness. "Four-fifths of Madagascar now stands barren, burned over by subsistence farmers and cattle farmers. Whenever it rains, Madagascar's gullied hills bleed red clay into the sea."

You notice this aridity as your Jumbo slants into land at Antananarivo, Madagascar's capital, a city of 700,000 perched at 4,300 ft. I was glad to see it, for my Jumbo carried what sounded like 40 flying babies, 10 of whom - shocking little tyrants - pounded their cots and spat up their food from the minute we left Paris till the moment we glimpsed the rice fields that surround the Malagasy capital. Some day soon, I hope, the world's great airlines will launch Jumbo nurseries for the exclusive use of flying babies so that the rest of us can travel in peace.

Antananarivo is crowded and decaying - an exuberant hill town of muted colour tones in 20 shades of dust with the strangest echoes of Northern France. The Malagasy, who won their independence from France in 1960, comprise 18 major groups of mixed Indonesian and African descent. French is widely spoken, not only in the cities but among the 80 per cent of the 10m population that still live off the land.

From Antananarivo I flew south to Fort Dauphin at the island's south-eastern tip, which is how you get to Madagascar's conservation showpiece, the private reserve at Berenty run by the de Heaulme family, sisal planters who own four small hotels, employ 1,000 workers and whose efforts to preserve Berenty's precious forest and wildlife is regarded as a model which the Government should emulate.

The stars at Berenty are its lemurs, including 500 swaggering maki or ring-tailed lemurs, a group of which - tails cocked like quivering question marks - rushed to greet us as soon as we entered the forest. At certain times the ring-tails stage stink fights, scenting their tails with musk and flourishing them in rivals' faces. The females we saw had tiny babies riding jockey-style. Above us, snow-white sifaka lemurs stayed aloof in the trees.

Lemurs are the closest living descendants of the common ancestor of monkeys, apes and humans. Elsewhere, displaced by monkeys, some lemurs became the pottos and bush babies of Africa or the lorises of Asia. Yet monkeys did not reach Madagascar, whose lemurs gratefully proliferated into 30 surviving species, ranging from the 3 ft-long indri (babakoto in Malagasy, or "father-son," because of its anthropoid appearance) to the tiny mouse lemur.

Wild side

The head of the de Heaulme family is Jean de Heaulme, aged 60, born in Madagascar, who told me that Berenty, plus the country as a whole, was for "sophisticated" tourists, by which I think he meant experienced souls with a deep love of wildlife who were happy to rough it. "My family," he said, "wants to keep the countryside and the forest in its natural state. We have had no help from the Government. It is only in the last year that the Government has shown interest or believed in the potential of tourism."

Berenty is also famous for its fruit bats, whose wingspan can exceed 4 ft. Thousands live in roosting trees in one part of the forest. When disturbed, they rise like a blanket of russet fur and make a ghostly clothy sound. At eye level, clouds of butterflies flit and swell, busily doing butterfly things.

Berenty is too small to guarantee the survival of any given animal species, though its importance is considerable. More dramatically, the de Heaulme family owns a plantation that encompasses the entire known range of two rare animals - the giant jumping rat which lives in the basin of a single seasonal river in precarious co-habitation with a similarly unique and endangered tortoise. To help save these creatures the family is forming a foundation with foreign donations to set aside 16 sq miles of baobab forest.

The plan is to help villagers from Analabe work the land as permanent farms, something that calls for fertiliser and equipment that the villagers alone could never afford. "They are 100 per cent for the scheme," says de Heaulme. "They can see that the forest won't last forever."

To preserve Berenty the de Heaulme family had to guarantee watering rights on the Mandrare river for the humpbacked zebu cattle of the neighbouring Antandroy ("people of the thorns"), pastoralists who graze their zebu among thorny succulents and measure a man's glory by the number of horned zebu skulls displayed on his tomb.

Near the road between Fort Dauphin and Berenty is a tiny village cemetry of carved poles, cattle skulls, obelisks and blocks of mildewed stone. One striking carving - eight wooden people in a precarious wooden boat, sailing on forever - was particularly fine and jaunty.

Death and burial are attended by numerous rites. In the high plateau area the Merina custom of famadihana ("turning of the dead") involves removing bodies from the family tomb at intervals of years, displaying them at joyous family gatherings, then wrapping them in new shrouds made from raw silk and returning them to the tomb.

Before that occurs the corpse is shown the new sights: promenaded round the village and rice fields by happy relatives. There is a big meal, possibly an ox, and much singing and dancing. The music is important. On one occasion the relatives rendered Roll Out The Barrel.

Back in Fort Dauphin, a town of 22,000, I watched people in the market selling and buying anything and everything: garlic, bananas, tomatoes, beans, spring onions, French loaves and cigarettes, chickens, pots and plastic daisies, fish, hinges, nails screws, empty food cans, straw hats and squares of toilet paper. Near the Motel Gina I saw a goat on a hot tin roof and other fine incongruousnesses.

Ring-tailed lemurs at Berenty's showpiece reserve in southern Madagascar

From the south I returned to Antananarivo, where the jacarandas were blazing into flower, and then flew north-west to Nosy Be. I had been told that internal flights with Air Madagascar were lively affairs, with villagers crowding the aisles and chickens running wild, but found this not to be the case.

In Madagascar Rediscovered, a history from early times to independence, Mervyn Brown, a former British ambassador in Madagascar, describes Nosy Be, an island about the size of the Isle of Wight, as an "earthly paradise" of forest-clad hills, white sandy beaches, turquoise seas and an equable tropical climate that favours the production of sugar cane, cloves, pepper and the fantastically-shaped ylang-ylang tree, whose headily fragrant flowers are an important base ingredient for the perfume trade.

As a connoisseur of islands I would be rather more circumspect in singing Nosy Be's charms, mainly because I spent interminable hours on a wretched little bus being bounced from hotel to hotel and sight to sight.

But I am glad that I made the boat trip to Nosy Komba, a smaller nearby island, which has its own population of black lemurs (the females are chestnut), which are bold and appealing. The marine life around these smaller islands is so fecund that there are rivulets of sea shells on the beach at Nosy Komba, tinkling and chiming the gentlest sonata.

A quarter of a mile away along the beach I came across a small boy, three or four years old, playing with a toy canoe. It had a tiny outrigger and green polka-dot sails. He pushed it out. It was so well built that it crested perfectly. He studied me gravely, and then reached a decision. "Monsieur," he said, and handed me the toy. I pushed it out. It crested perfectly. We clapped our hands and laughed out loud. We could have played like that for ever, with nothing to disturb our concentration but the sonata of the shells.

As Jean de Heaulme says, Madagascar is for "special" tourists: those who are ready to accept it on its own terms and not feel dismayed by poverty and muddle.

Alison Jolly maintains that enough has happpened recently to shock Madagascar's leaders into acute awareness that little time is left to save their island. "The Malagasy know that what they have lost they have lost forever. . . Today's extinctions are far more drastic, undercutting the survival of the Malagasy themselves."

HOW TO GET THERE - WHAT TO READ FIRST

I travelled c/o Air France and Hilton International, the latter of which recently announced "add-on" weekends for travellers to Kenya. There are three flights a week between Nairobi and Antananarivo, where a weekend for two in a double room at the Hilton costs £20 each (two nights).

The following UK tour operators feature Madagascar: Silk Cut Travel, Twickers World, Hann Overland, Guerba Expeditions, David Sayers Travel, Ornitholidays, Swan Hellenic, Hideaways Indian Ocean, BCA Travel Group, Abercombie & Kent. In 1988, for example (April 16-November 12), Silk Cut Travel will be offering 14 nights/17 days (Antananarivo/Ile Sainte Marie/Fort Dauphin/Berenty/Nosy Be) at £1,386 per person; single person supplement £119. Many of the others organise specialist wildlife, adventure and overland tours. A visa costs £25. Various jabs are needed.

There is plenty to read. Start with Alison Jolly's cover story, Man Against Nature, in National Geographic (Feb '87) and, if you have £15, Mervyn Brown's Madagascar Rediscovered (Damien Tunnacliffe, London). A good short guide is Hilary Bradt's The No Frills Guide to Madagascar (Bradt Publications tel 02407-3478), or A Glance to Madagascar (available in Antananarivo), or Dervla Murphy's aptly named Muddling Through Madagascar (Century Hutchinson £5.95).

M.T-N

Walking back to paradise

IF YOU WALK in the long grass of Africa instead of driving over it in a zebra-striped minibus, you begin to understand the true size of the elephant, the reasons why people are frightened of lions and the dangers of falling asleep under a sausage tree.

One of the African game reserves where you can still stretch your legs is Zambia's South Luangwa National Park, north-east of the capital, Lusaka, along the banks of the Luangwa River.

Here you need not stick sweatily to your car seat in one of those herds of tourist vehicles which surround the dozing lions of more crowded African reserves. You can approach the king of the beasts on foot until he growls at you or - more frequently - strolls away into the bushes.

I stayed in two small camps, each of which usually houses a maximum of eight people, overlooking the river and run by a local company called Savannah Trails. Accompanied by camp manager Jason Alfonsi and game scout Isaac Ndhlovu, who carried a heavy rifle designed - but very rarely used - to stop a charging elephant or buffalo in an emergency, a handful of us walked each day from 5am until 9am and then for another couple of hours in the evening.

It was in October, at the end of the walking season (which starts again in June) and in the stifling heat before the rains. The advantage of October is that most of the wildlife is clustered around the river. After the rains the land is greener, the animals can find water elsewhere, and they scatter further afield.

Free from engine noise and exhaust fumes, close to the ground and moving slowly, you can smell and hear as well as see what is happening around you. You learn to recognise a lion's pawprint and to keep your distance from buffalos, hippos and elephants. You discover that hyena dung is white (apparently because they eat so many bones) and that impalas use communal toilets.

You can try, with experts like Isaac and Jason, to track a nearby leopard by following the barking alarm calls and nervous glances of baboons and bushbuck.

We saw plenty of lions but missed our leopard. After finding the remains of some animal entrails on the river bank we followed drag marks through the dust where the leopard had pulled his prey, and finally found the head and part of the carcase of a waterbuck. The legs and the rest of the carcase were lodged for safe keeping in the branches of a nearby tree, a sure sign of a leopard kill. But the leopard had heard us and melted into the bushes.

On another day, as we were walking from our first camp (Kakuli, which means old buffalo bull) to the other (Muchenje, named after its grove of African ebony trees), we were startled by a warthog which suddenly burst out of its hole towards us in a cloud of dust. The warthog was as frightened as we were and scampered away into the grass.

Buffalos, sporting a pair of horns shaped curiously like a wig but capable of inflicting considerably more damage, are less predictable and less timid, although one which confronted us seemed to be familiar with the sound of a rifle being cocked. He fled as soon as he heard it.

Game parks are not all giraffes, elephants and leaping impala. There are trees such as the sausage tree, with its exotic purple flowers and hard, heavy sausage-shaped fruits - which might fall on your head, and the rain tree, so called because it plays host to an insect which drips on passers-by.

There are large monitor lizards and a wealth of bird life, from vultures and fish eagles to flocks of lovebirds and carmine bee-eaters. Each patch of ground, criss-crossed with footprints, tells a story. One day we found the broken tip of an ivory tusk where an elephant had tried to lever something out of the ground. Unfortunately we also saw the bleached skulls of elephants shot by the poachers who arrive each year with the rains as the tourists thin out.

At night, when it it is inadvisable to venture out on foot, we would drive around with a spotlight to watch some of the animals not normally seen during the day - porcupines, civets, genets, elephant shrews and skulking hyenas. Jason does a fair imitation of a hyena's yelp which halts them in their tracks for several seconds while they work out what he is.

Back in camp, a cluster of huts by the river, the heat of the day is passed in sleeping, eating, reading and counting crocodiles. The food is good and simple and when we were there we enjoyed the luxuries of plentiful beer, soft drinks and toilet paper, all at that time in short supply in Lusaka.

Showers dug into the river bank, allowing you to exchange stares with the hippos while you bathe, are fed from old oil drums (one with a fire underneath for the hot tap), which in turn are filled with clean water pumped from nearby boreholes.

Even in camp you cannot escape nature's endless cycle of eating. While you are having your dinner on the table, a gecko is having his - a moth - just above you on the roof beams. At night, when silence falls between the roaring of a lion, the grunting of hippos and the croaking of frogs, you can actually hear the termites eating the walls of your fragile wooden hut. No chemicals are used to protect the wood and the camps have be rebuilt every two or three years.

The nearest telephone is said to be more than 100 km away (although there is a radio transmitter). There is no noisy generator. Refrigerators run on gas, and batteries for the lights are charged during the day by solar panels.

In a few years the Luangwa valley may have lost much of its charm, through neglect rather than overdevelopment. The area is still rich in wildlife, but poaching continues at an alarming rate and herds of the remaining elephants have crowded close to the camps for protection, destroying swathes of trees in their search for food. Jason last saw a live rhino in Luangwa in 1984. To make matters worse, an outbreak of some form of anthrax has recently killed many hippos, though no humans are known to have been affected.

If you want to see the real Africa, as Zambia advertises itself, it would be advisable to go sooner rather than too late.

• Ecosafaris (146 Gloucester Rd, London SW7 4SZ, Tel 01-370-5032/3) organises a range of tours which include walking and says it will arrange any itinerary suggested by a client. A 17-day package, including eight full days in Luangwa and a visit to the Victoria Falls, costs £1,495. (Departures April to December, walking safaris June to October only).

Victor Mallet

Citroen's fruits of success

FOR THE first time in more than six years there is no Peugeot 305 estate standing in my drive. In its place is a Citroen BX19RD estate.

Why the change? Not because I was dissatisfied with my two Peugeots, which had been as comfortable, reliable and economical as anyone could wish, but the time does come when a break is inevitable.

As a model, the 305 has reached the end of its life. Its successor, the 405, is already well established on the continent and will start locking horns with rivals like the Sierra and Cavalier in Britain in January. But not as an estate; nor will there be a diesel engine option until later in 1988.

For many years I have been hooked on medium sized diesel estates. They suit my needs perfectly, even though these have changed over the years. The load space no longer has to accommodate a much loved (and still missed) labrador. Nor is its carrying capacity stretched by shifting vast volumes of end-of-term cases, books and general-purpose student junk.

It takes two golf bags ready strapped to their trollies with space to spare and having to move the odd piece of furniture or garden machinery is never a problem with an estate.

Why a diesel? I am often asked about my preference. The logical answer is that it saves money, but it goes beyond that. I like the inherent reliability of a diesel. Cold starting in all weathers at the first flip of the key (given a few seconds for the pre-heat system to operate) is something I now take for granted. So is the diesel's invulnerability to the heaviest downpour or fiercest blizzard.

In last winter's appalling snow in Kent my Peugeot diesel never faltered. Should we get more of the same this year, the Citroen must be even better.

It is equipped as standard with a heater that eliminates fuel waxing problems in very low temperatures - my Peugeot's was an extra. It has the same ample weight over the drive wheels. This, and generous pulling power at low revolutions, are great traction aids on slippery roads. But the Citroen also has height-adjustable suspension, which allows its ground clearance to be increased. That will be a boon if the snow covers the roads as deeply as it did last February.

Improved fuel economy is something a diesel car owner is entitled to expect as compensation for lower performance and less mechanical refinement. A miles per gallon figure in the mid-forties (6.5 litres per 100 km) for a 1.9 litre engined car is not unusual, even with many short runs and cold starts. So is a distance of 400 miles (643 kms) between refuelling stops.

The less urgent standing start acceleration of a diesel is more noticeable than the reduced top speed. A standard Citroen BX19RD recently averaged just over 100 mph (161 kmh) for 24 hours to win a number of world records. On the motorway, one has to remember that its natural cruising speed is far above the 70 mph (113 kmh) limit. The radio may be enjoyed with 90-95 mph (145-153 kmh) on the speedometer.

Although the BX diesel cannot match a petrol-engined equivalent in a quick getaway from the traffic lights, I find it acceptably lively. Its top-gear acceleration in the important 50 to 70 mph (80 to 113 kmh) band is excellent and it pulls smoothly from 35 mph (56 kmh) without changing down.

In fact, I think one of the features that draws me to a diesel is that it removes the temptation to be competitive and rewards good and sensible driving.

By observing the road as far ahead as possible, hold-ups can be anticipated and stopping avoided. In the BX it is not difficult to make as good or better progress than a driver who relies on hard acceleration and braking in a more potent car.

And how does the BX compare with my last Peugeot, a 1984 model P305GRD? The 1.9 litre engine and five-speed gearbox are basically the same, though power output has been raised usefully from 65 bhp to 71 bhp. It shows in quicker response when you put your foot down to overtake or climb a long hill.

I am revelling in the power assisted steering, electrically operated front windows and central locking. The instruments are a great improvement on my last Peugeot's dated (and at night difficult to see) dials and I like the rear wiper that can be switched to intermittent operation. The single, large windscreen wiper with its built-in washer jets is efficient.

Steering response, ease of parking and general handling are better in the BX than my last Peugeot. It rides beautifully on all kinds of roads, though there is a bit more tyre reaction from bumpy surfaces at low speeds.

I am not too sure about the driving position; my first 500 miles (805 km) in a day will confirm or deny my suspicion that the Peugeot's plump and squashy upholstery was more to my taste than the firmer seats of the BX. I miss the Peugeot's enormous glove box and it was an easier car to back up my winding drive, at night especially, because the back window was lower.

At £8,949 the BX19RD estate is one of the best buys among diesel cars at the moment. A Peugeot 305 1.9 diesel Executive estate of comparable specification is listed at £9,569.

Keen pricing must be one of the reasons why this mid-sized Citroen has been the best-selling diesel car on the British market several months this year. It is a surprising achievement for a make that was once suspected for its eccentricity as much as it was admired for its sophisticated suspension.

Servicing requirements are modest, engine oil and filter changes at 5,000 mile (7,500 km) intervals and a routine service taking one hour 20 minutes every 15,000 miles (22,500 kms). In 850 miles I have only twice had to replenish the 11.5 gallon (52 litres) tank.

I expect my 43.5 mpg (6.57 litres/100 km) consumption to improve as my mileage grows. Diesels, like a good wine, are better with some bottle age.

Stuart Marshall

The Citroen BX19RD estate. Built in roofrack side rails and a cover for the slab-sided, flat-floored load space are standard equipment.

Lucia van der Post finds that Miss Piggy was so right about jewels

If you can meet the price, get the ice

THERE ARE few presents that HE can give to HER that speak more potently of love, caring, intimacy and generosity than a carefully-chosen piece of jewellery. And, even though, in these equal opportunity days the jewellers tell me HE may be very well be buying a little bit of glitter for himself and SHE for herself, jewellery still remains one of the presents most women I know most like to receive.

One of its great advantages is that whether it be a delicate gold bracelet for a small god-daughter or a string of pearls for a dowager, almost all of it can last forever. Age is no barrier, nor is class or money. You can buy it cheap and cheerful, tastefully designery or richly real.

Personally, I have nothing against fake. A great baroque piece, speaking of wit and style, that gives a lot of punch for the price tag, seems to me to have a lot more going for it than a little real number that is so discreet you need to strain to catch the shine.

Fans of Miss Piggy may remember her philosophy on the matter - "There are basically three kinds of jewels worth considering: big, very big, and huge, and these come in two categories any lady would prefer to have a diamond, a ruby, a sapphire or an emerald, but they are very expensive. There is, however, nothing wrong with the extremely convincing substitutes now available...on the other hand if your beau can meet the price, get the ice."

Miss Piggy, as always, is absolutely right. For this winter in particular there really are only three sorts of jewels worth considering - big, very big and huge and if you can't afford the real thing, never mind there are lots of splendid fakes that will do extremely well.

There are perhaps two images to keep in mind when choosing jewellery this Christmas - one is of straightforward, old-fashioned, over-the-top Hollywood-style glamour. The other is perhaps more of a day look - uncluttered, strongly sculptured jewellery that goes well with today's swingy, flirty suits.

The sales of the jewels of the late Duchess of Windsor has influenced costume jewellery from the most expensive top-of-the-range blue-chip jewellers like Cartier and N. Bloom (who has an almost perfect replica of the famous flamingo brooch for sale for £39,500) to the quick-off-the-mark clever copiers who supply the chain-stores. Personally I find the late Duchess's penchant for animal jewellery a trifle curious but if you share her taste then there is no lack of choice around.

Boodles and Dunthorne, an old-fashioned family jewellers with shops in Liverpool, Chester and Manchester has recently opened a new branch at 58 Brompton Road, London SW3 and it, too, has a version of the flamboyant flamingo brooch for sale - this time at just £6,850 while its copy of the equally famous "panther" bangles sells for £3,250.

Still on a costume jewellery tack - it is hard to think of a better name than Ken Lane whose three shops at 66 South Molton Street, London W1, 30 Burlington Arcade, London W1 and 50 Beauchamp Place, London SW3 are first stopping-off places for many a fashionable woman who wants something decorative to wear and doesn't have (or, if she does, doesn't wish to wear) a safe full of heirlooms. He was one of the first to provide costume jewellery of quality so don't go looking for rock-bottom prices - you won't find them. He, too, has gone something of a bundle on animal motifs and there are lion's head clasps on bold gilt and stone necklaces, as well as brooches formed from crouching leopards,glittering bugs, brightly-coloured penguins, flamingoes, leopards, exotic birds and clowns.

If you share my distaste for sporting a menagerie on your person Ken Lane can always be relied upon for his glass crystal chains, his heavy gilt chains, Bulgari-like, inlaid with imitation cabuchon-cut emeralds, rubies and sapphires.Look out, too, for his marvellous strings of jet beads, his elegant black enamel earrings given a bit of glitter with some diamante stones.

Monty Don of 41 Beauchamp Place, London SW3 is the place to go for amazing stained-glass window effects - these are highly flamboyant pieces only to be worn by the strong and confident, but if that's her style, she'll love them.

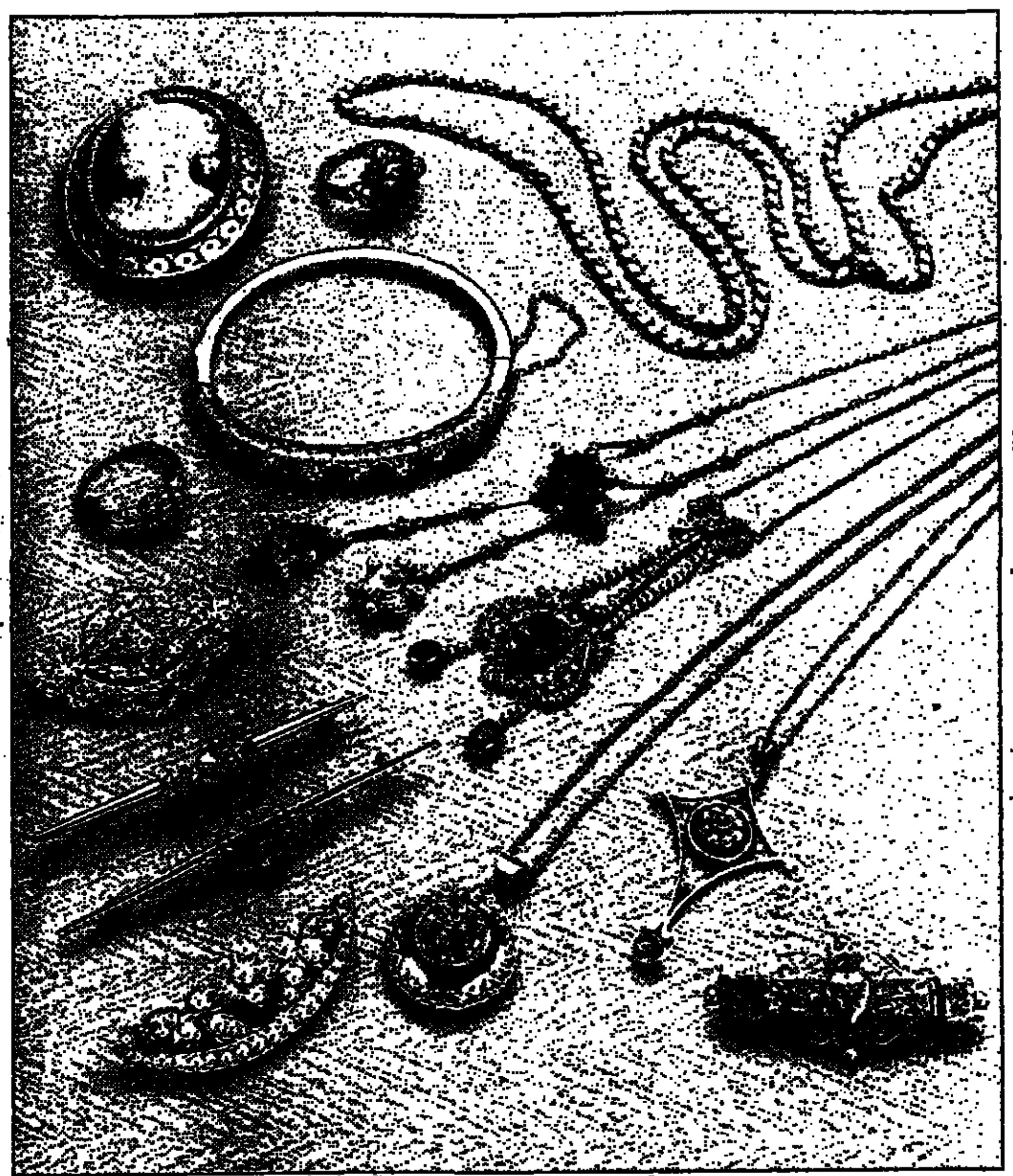
If she's into design - that is, she has a genuine interest in the new, the innovative and the genuinely exciting take a look at Electrum of 21 South Molton Streeet, London W1.This gallery has always lead the way in showing that modern and avant-garde could be synonymous with high quality and fine finish. Here is some of the most exquisite real modern jewellery around.

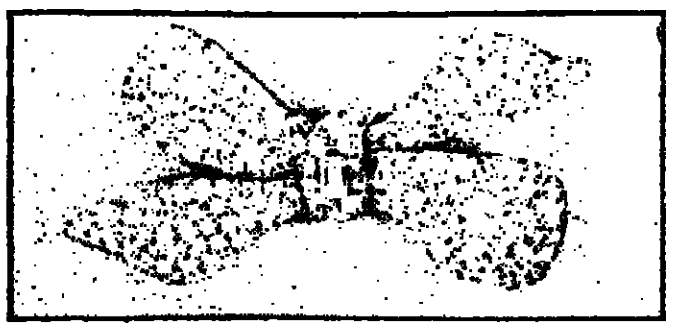
This winter there are rings, bracelets and brooches made from gold which is tinged in colours ranging from dark grey and bluish tones to pinks, yellows and white. New techniques in alloying 18 carat gold has brought about this breakthrough and it has inspired designers to experiment with intricate inlay effect. If you're in the marrying mood, Electrum has some particular interesting wedding rings (and diamond rings come to that) made by the German firm of Niessing.

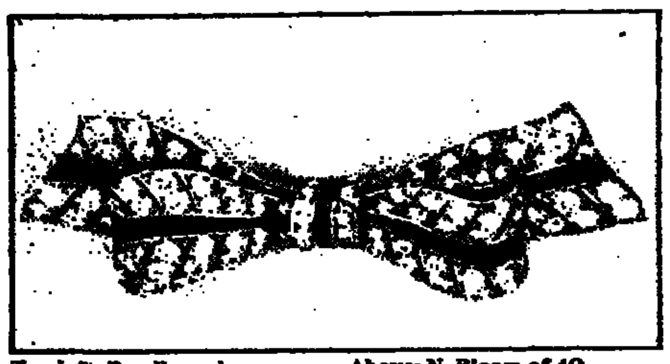
Look out too, for extremely interesting designs by American designer Lisa Vershbow - her almost cubist-looking anodized aluminium brooches, her neckpiece of sterling silver inlaid with ebony and 14 -carat gold, her highly idiosyncratic hatpins (made from unlikely-sounding combinations of rubber, plastic and anodized aluminium) are all genuinely innovative and very interesting even if they are not likely to be worn by the cashmere and pearls set.

If her tastes are really trad, then perhaps Gucci might be the place to go. At 27 Old Bond Street, London W1 you will find immaculately crafted, eminently acceptable design that will adorn but never startle. A cultured pearl necklace for instance with 18 carat gold rondels will set you back £1,900 but has the classic looks that mean it will never look out of fashion. A useful notion that Gucci have latched onto is that it offers detachable pendants (an amethyst one, for instance, for £1,970 or a citrine for £1,570) which can always be bought as an additional present at a later date and which instanteously give a different "look."

If antiques are more her style you are spoiled for choice. If you have the time and are feeling adventurous you can go a-hunting in the sale-rooms.Most of the well-known auction houses always have some carefully-timed jewellery sales set up to catch the Christmas trade with a judicious mixture of the truly rare and wonderful and the more generally accessible. If bargains are what you are after you are more likely to find them there than in the high street antique shops.

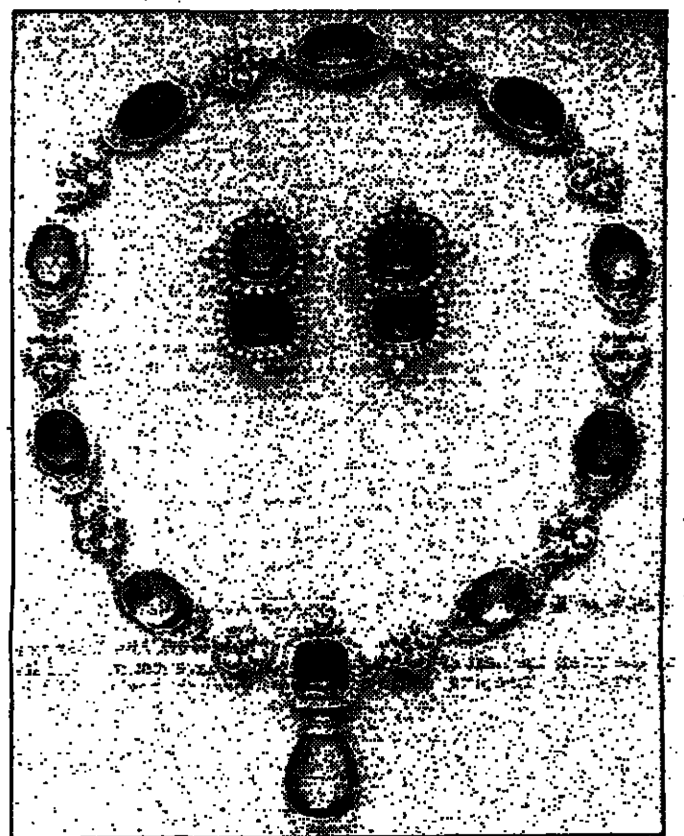




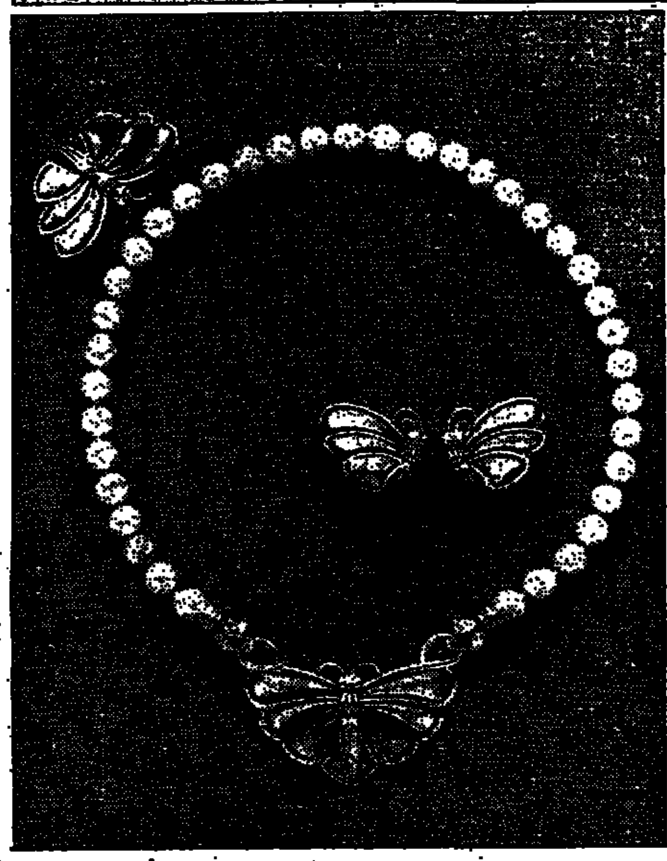


Top left: Boodle and Dunthorne is an old-established family jewellers that has been well-known for years in the North. Just eight weeks ago it opened a branch in London at 58 Brompton Road, Knightsbridge, London SW3 so that southerners, too, can have access to their wares. Boodle and Dunthorne report that their customers seem to be wanting bigger, better quality stones. Most of the jewellery is made specially for them and there is a good selection of attractive, wearable modern pieces but they also always carry some antique jewellery like the selection photographed above.

Above: N. Bloom of 40 Conduit Street, London W1 specialises in secondhand jewellery of every conceivable sort. You could find a fairly recent 1960s Asprey piece (like the £7,500 diamond and sapphire scroll brooch photographed here, centre) to pieces dating as far back as the 17th century. Most of the stock, though, is Edwardian and art deco and if you've got something between £500 and £3,000 to spend there is lots to choose from.The other two brooches photographed here are Edwardian - the one at the top in diamonds only is £6,250, the diamond and sapphire version below, £6,250.



ELIZABETH GAGE is a jeweller who has a knack of producing pieces that are both eminently wearable and yet distinctive. She's probably best known for her highly decorative rings which are all made from 18 carat gold and embellished with precious stones. Prices start at £1,000 and go on up to about £4,500, depending upon the stones used. Photographed here is one of the most beautiful (and, at £46,000, one of the most expensive) items in her collection - a necklace with matching earrings which combine briolette-cut aquamarines and tourmalines in shades of blue and green, encircled by diamond encrusted half-moons of white and yellow gold.To see her complete collection visit her shop at 20 Albermarle Street, London W1.



Left: Gucci of 27 Old Bond Street, London W1 has a series of plain cultured pearl necklaces with 18 carat gold rondells which can be worn either as simple strings of pearls or can be transformed in a trice into something more decorative by adding detachable pendants of various sorts.Choose from plain gold set stones like amethysts and citrines, or there aresome that are a little more ornate like this butterfly made from black mother of pearl. The pearls alone are £1,900, the butterfly pendant, £1,300 and the matching ear-clips, £1,600.

• PROPERTY •

John Brennan looks at a bit of London that goes on growing

Chelsea bursts its borders

NISI DOMINUS FRUSTRA is not a reference to the frustrating time it can take in traffic through Chelsea. It is the borough's motto, one shared with Edinburgh and loosely drawn from Psalm 127, verse one: "Except the Lord build the city they labour in vain that build it."

You can hear residential developers muttering a more prosaic version of Nisi Dominus Frustra across central London at the moment. They are having to find bigger and bigger envelopes to scribble revised calculations of prospective resale values in a market that only a fool - or a locked-in funding bank - would attempt to forecast accurately.

But in Chelsea at least, there is the assurance that the area's international appeal brings in a steady stream of prospective buyers. It wasn't always so, although this particular 630-acre riverside stretch of London can claim a history almost as long as that of the City.

Chelsea, a Norman misprint of the Saxon "Chelc" or "Chalkhed", ranks a nine-line entry in the Domesday Book. Chelsea agents will be pleased to know that the manor of the land of Edward of Salisbury, its villeins (who only admitted to having one land plough between them at the time) and its various serfs, added up to a saleable property even in 1086.

As the Domesday Book entry notes "Wlwene, a vassel of King Edward, held this manor; he could sell it when he pleased." Nine hundred years of ease of resale sounds impressive. But there have been a few hiccups on the way.

From being a country retreat in the 16th century, Chelsea had become a bustling suburb by the 18th, when novelist Tobias Smollett complained that "all is tumult and hurry."

Chelsea was served primarily by river traffic until the wooden Battersea toll bridge was completed in 1771, and it was another hundred years before most of the oldest buildings in Chelsea along the Thames were demolished or separated from the river by the new embankment.

This first riverside road into London helped to ease a growing traffic problem on the King's Road. It had been a farm track used by Charles II as an overland route from St James's via the Fulham Ferry and Kingston to Hampton. At the beginning of the 1830's the private road barriers were removed and King's Road became the centre for nurserymen and florists. The horticulturalists were only gradually swallowed up by ribbon development of housing as the population of the old river-fronting Chelsea to the south began to spread across to Chelsea Common to the north of the road.

"The commonplace squalor of Chelsea", as Henry Kingsley described it in 1850, made it a cheap rather than an attractive place for artists. The area's artistic traditions, perhaps more visible in retrospect, rested initially upon the low cost of lodgings rather than any inherent Bohemian appeal. Still, in the second half of the last century Chelsea had begun to attract an impressive roll call of artistic and literary residents.

By the time the Royal Court Theatre in Sloane Square had became the home base for the plays of the angry young men of the 1950s, Chelsea's evident post-war attraction was as a comparatively low-cost London base for flat sharers on the overlapping Chelsea Barracks/Chelsea College of Arts party circuits, and a London home for people priced out of Knightsbridge and Belgravia.

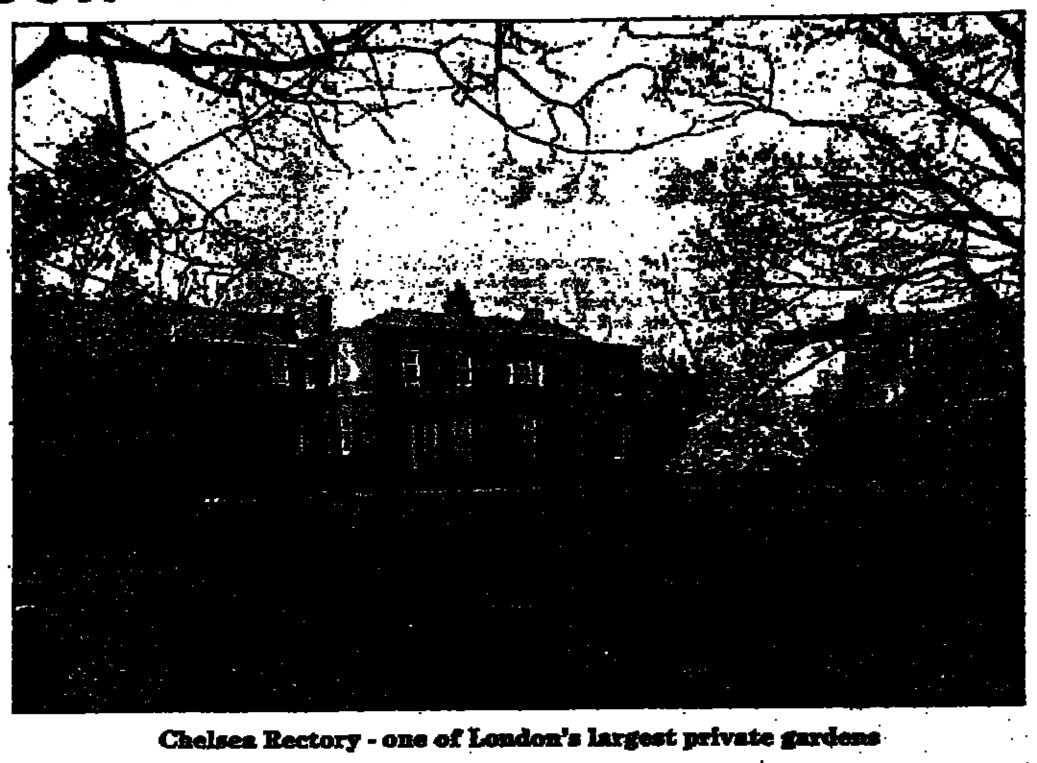
The prominence of the King's Road in the 1960s, as a more permanent commercial spill-over from the fleeting popularity of Carnaby Street, gave the area an international visibility just as the borough itself formally disappeared under the terms of the London Government Act to merge into the Royal Borough of Kensington and Chelsea in 1965.

Although it has disappeared from the municipal map, Chelsea keeps growing. We now have both real Chelsea and an ever expanding area of west London that can best be described as greater Chelsea.

The former follows the lines of the old borough, east from Chelsea Creek, bordered on the north by the Fulham Road and Walton Street, by the river on the south, and straying across Sloane Street on the west to include Lownes and Cadogan Squares. An SW3 postcode, and just the teeniest hint of SW1 on the western edges, is passport enough to the real Chelsea.

Greater Chelsea, on the other hand, is an estate agent's creation. As Nicholas Boden of Hampton & Son says, "Properties in Chelsea do command a premium over those in Fulham". So, with a commendable sense of commerce, but a lamentable sense of location, Boden, like many of his fellow agents, commonly extends the old borders, in his case: " to the Chelsea area . . . South Kensington would come into that, and Earl's Court . . .basically SW3, SW10, SW7, and SW5 ... "

As it is only in the past 10 to 15 years that Chelsea has changed from being a cheap and cheerful to an expensive residential area, it would not take many decades for this kind of creeping Chelseaisation to absorb the rest of the SW's and bridge the gap between Belgravia and Richmond. But in the meantime the spread of the name north across the Fulham Road into the flat developers' territory of South Kensington reflects the declining relative fortunes of the King's Road.



Chelsea Rectory - one of London's largest private gardens

Andrew Langton, managing director of Aylesford & Co. says: "It has become a very tacky road, monopolised by fashion. The local shops have disappeared - all the bakers and the other food shops - and the rents are all geared to the price of jeans, so the place has become full of shoplifters and people wandering up and down for all the wrong reasons. The result is that you've seen a much greater appreciation of values near the Fulham Road, where the invasion of yuppies into the developments in the Cranleigh Gardens and Onslow Square area has made it the new Belgravia."

That said, values in Chelsea proper have not exactly been depressed by the clothes-obsession of the King's Road shops or by the weight of through-traffic on the Embankment and across into Fulham.

When Aylesford moved into Chelsea twenty years ago fellow agents regarded it an eccentric move for a Knightsbridge and Belgravia agency to set up shop so far out of town. As late as 1978 Langton can recall, " selling houses in the World's End area for £35,000 to £45,000 - and they were then looking quite expensive. One of those sold there recently for £625,000. "

Langton thinks that the brutal council redevelopment of the mid-Victorian World's End estate on the western borders of Chelsea has robbed Chelsea of what could have been "some of the nicest houses in London." But he sees the arrival of the young married couples, with their skips and refurbishment work in the pocket of houses left in the Lot's Road area, as evidence that the last of the up and coming parts of Chelsea is finally on its way. Elsewhere, Chelsea's far from cheap.

Right at the top of the market Aylesford (01- 351-2383) has on its books what is, unarguably, the best residential property in Chelsea. It is also, unarguably, the most expensive, since the Middle Eastern owner of Chelsea Rectory is looking for around £10m for the house with one of the largest private gardens in central London. Only the rabbits have the run of those precious two acres at the moment as the current owner never did go ahead with the controversial plan - which won planning permission - to extend the 120-year leasehold house to a spectacular, 36,000 sq ft mini-palace.

At £2m the freehold of 47 Cheyne Walk, next door to Mick Jagger's former London home and facing the river, looks a comparative bargain. Move down the price scales, and out of the complete-with-swimming-pool status of the Cheyne Walk house, and Aylesford has a five-bedroomed family house with a patch of garden - rare in Chelsea - for £500,000. That's at the river, rather than the King's Road end of Flood Street, SW3, down from Mr and Mrs Thatcher's former town house.

There are always price anomolies, even in areas as heavily sprinkled with agencies as Chelsea. Hampton & Sons (01-734-3427) have one of the row of ten Harry Neal-built homes on offer at £795,000 only around a year since they were first offered in unfitted-out form at £715,000.

Would-be Chelsea residents daunted by the number of noughts on the end of the price tags could, as Alan Russell of Russell Simpson says, "find a studio flat for £85,000 to £90,000. Realistically you'd be looking at £100,000 to £130,000 for a one-bedroomed flat and a two-bedroomed flat would probably be £160,000 to £180,000. A three or four bedroomed house these days would be £300,000 to £400,000 and up. You wouldn't really find anything like that to buy under £300,000."

According to the latest London Research Centre analysis of prices, Kensington and Chelsea as a whole now ranks as the capital's most expensive area, since the average property purchase in the past quarter cost £112,000 and the average first time buyer had to spend £99,500.

Anthony Walker of Prudential Property Service's Chelsea office has been selling a river view plus a view of Cheyne Walk and the embankment at O & H Construction's Waterside House just over Albert Bridge. Half of the 70 flats in this cross river bridgehead of Chelsea into Battersea have been sold now at prices ranging from £225,000 for one-bedroomed units to £930 000 for 2,030 sq ft penthouses. There are only a few of the riverside flats in that scheme left, and the Chelsea view has justified £350 a sq ft selling prices.

Getting a view of Battersea - and acquiring that precious SW3 postcode - either means paying a seven figure price for one of the Cheyne Walk homes or settling for a flat. PPS (01- 589-5211) has a one-bedroomed flat in Embankment Gardens right by the Royal Hospital gardens for £137,500 or a flat in Rogers Orchard - facing the river between the Battersea and Albert Bridges - with two bedrooms, its own covered garage, and a 73-year lease for [illegible].

Renting is an alternative that most dollar-conscious Americans accept as their only route to temporary Chelsea citizenship these days. As Harold Phillips, of Phillips Kay & Lewis, says: "People are dying to have a bijou little house in Chelsea. The area is not as well known internationally as Mayfair or Belgravia, but it is not a risk address any more."

PKL (01-352-8111) do not handle rentals down in the Kensington and Chelsea council flat range - which can be from £25 a week. And at £100 a week Phillips accepts that the mini-studio on offer does not exude an impression of gracious living. In practice, Chelsea company rentals start in the £200-plus a week range for small flats while larger homes can easily cost from £400 to £600 or £700 a week. As an example, PKL has as a three-bedroomed, two-bathroomed flat in Ovington Street, deep into the Cadogan Estates in the north of the borough near Lennox Gardens, on offer at £550 a week.

The cost of renting a full scale Chelsea house can be just as high as a temporary home in Belgravia, and the most expensive rental on PKL's books at the moment is a five bedroom, four bathroom house in Tithe Street over towards the Royal Hospital gardens. Setting up home there would cost you £1,600 a week.

The constant demand for Chelsea rentals, combined with strong local market demand for ex-rental flats and houses, makes it a favourite area for residential investors. As Harold Phillips says: "A nice little house in Chelsea is likely to hold its value as well as anything in London."

Whether that sentiment applies to some of the more ambitiously-priced flat developments in the outer reaches of greater Chelsea as well is a moot point.

Docklands

London Property

Country Property

Chelsea

London Property

Country Property

Country Property

Overseas Property

Arthur Hellyer on planning tasks in the garden

Growing labour pains

HAVE YOU ever tried to list various garden features in order of the probable expense and labour of maintaining them? It can be very instructive and may lead you to modify your style of gardening.

Most expensive and time-consuming will almost certainly be bedding plants, though the figures will depend greatly on the type of plant you decide to use and the number of changes you make each year.

A simple two-phase scheme to cover the peak periods of spring and summer and relying mainly on seed-raised plants will cost far less than any attempt to keep the garden colourful throughout the year with evergreens as well as long- season perennial bedding plants.

The cheapest and easiest way to run a garden is to cover it largely with hard surfaces, paths, patios, terraces or whatever takes your fancy, but the initial capital cost will be high and the final result fairly boring.

In between these two extremes it would almost certainly be impossible to get any high degree of agreement. When writing last week about topiary I mentioned that an enthusiastic friend of mine who practised the art considered this a labour-saving form of gardening, but that most gardeners would probably consider it labour-intensive.

My friend's logic was to compare topiary with lawns, which he thought contributed a somewhat comparable permanent green framework for the garden and must be cut twice a week for much of the spring and summer, whereas hedges and topiary need only be clipped once a year. I would counter this by suggesting that clipping hedges is more arduous than mowing lawns, though this does depend on the height and complexity of hedges and topiary and the type of cutting equipment used.

Yet I would agree that, contrary to general belief, lawns use up a lot of time and energy. The way to make grass a low maintenance feature is to forget the English tradition of a smooth, close-cut lawn free from weeds and accept the continental concept of a deep pile carpet in which a few weeds can be lost without even being noticed. This is so much a matter of outlook that it is impossible to do more than point out the possibilities.

Lawn management of several kinds in the same garden may prove the most satisfactory solution; close-mown grass near the house, a slightly longer cut for some distance around and in a few places areas cut just once a year after the wild flowers have seeded. The contrast in textures can be charming.

The closer a lawn is mown the more weeds will be seen as an unacceptable intrusion and the more time and money will have to be spent getting rid of them. Much time can be saved with selected herbicides, but these need to be applied carefully, since all can inflict damage if they get on to garden plants.

Trees are the most labour saving of plants, though many gardeners in the south east may doubt this at the moment. But havoc of the kind caused by the recent hurricane is rare and when it does happen is usually

confined to a narrow front. Normally trees can be left alone for years and when they need attention it is best to call in a skilled tree surgeon to do the work. Trees also control what grows beneath them, depending on how densely they are planted. Below beech trees this may be very little at all.

Shrubs are also quite good in determining their own companions, though they have no defences against brambles, which gladly use them as support. There are few more frustrating tasks than trying to dislodge a bramble with 15 ft stems from the centre of a well-developed rhododendron bush. But these are problems of large gardens. In small gardens brambles and nettles, which are almost as good at setting up house with shrubs, should never be permitted a foothold.

Evergreen shrubs are better than deciduous kinds at suppressing competition, but very prickly shrubs or those with spine-tipped leaves can make life uncomfortable for the gardener. I shall never understand why rose growers, instead of producing the same old types all the time, have not made a determined attempt to breed roses without thorns. Whoever does it first will make a killing.

Herbaceous plants have been given a bad name for absorbing too much labour, though this depends a great deal on what one grows. Delphiniums, except perhaps some of the very short varieties, require a lot of staking and tying, but there are lots of good herbaceous plants such as the hardy geraniums, catmints, hostas, bergenias, euphorbias and dicentras that need none at all.

Weeds are among the biggest time-wasters in the garden. On lawns they can be largely - but not entirely - controlled with selective lawn herbicides, but it nearly always requires a cocktail herbicide containing two or three ingredients to give a satisfactory degree of control. Even so some weeds, suchas veronica oxalis, may escape.

In flower borders and around shrubs the most effective method of weed control is to mulch heavily with pulverised bark, which not only smothers small weeds and discourages the germination of seed but also provides a loose surface which can be readily stirred with a hoe. Bark does depress the fertility of the soil for a while, but how much matters depends on what one is growing. Well-established shrubs will scarcely notice it. Young shrubs and herbaceous plants will probably need a little extra feeding in spring and summer.

Creeping plants used as ground cover to suppress weeds can be disappointing, as the strong-growing weeds are well able to establish themselves among them and the presence of the ground cover plants makes weeding more difficult and the use of herbicides almost impossible.

Finally the labour-saving possibilities of water should not be overlooked. If no plants are grown in the water it can be kept clean and free from weed with chemicals. If it is used for water lilies and other aquatics then problems will arise, but these can be reduced if the water is constantly being changed either by a stream or pump. It is stagnant water that becomes clogged with weeds and scum. A swimming pool is worth considering for ornamental and recreational reasons...as my colleague Robin Lane Fox explained at some length earlier in the year.

A question of choice

JUST WHEN you want the right plant, it is never there. Perhaps you know the feeling as you lay a new plan, design a border or think how some eyesore can be improved. It may reassure you to know you are not alone. Last week I was thumbing through catalogues: the right plant is somewhere out there in nature or a nursery frame, but I have had no end of bother finding it for my proposed mixed border.

Mixed borders need a firm backbone of shrubs which will develop slowly and leave room for soft-wooded plants around them. The wrong choice can waste several years before it shows its false colours: the backbone of a border is not something one wants to get wrong.

While looking for it I have come up against a problem: am I to opt for a proven favourite like Rose Nevada, which everyone knows and grows, or am I to break new ground and be more original? It must be right to experiment if our gardens are not to look much the same. However, I am a victim of limiting circumstances. The border's soil is neither damp nor acid; the recent winters have been lethally cold. I refuse to take risks with centrepieces which will give shape to the border year after year.

After a preliminary turn through the catalogues, rejecting azaleas and forsythia, I pinned my hopes on a new book. Its author, Roy Lancaster, is an experienced grower and curator who has grown just about everything and has seen rare plants in the wild in China. His book is "Garden Plants for Connoisseurs" (£14.95; Unwin Hyman) but I checked the pictures and index before deciding whether to buy it. For my purpose, it is hopeless. Three-quarters of his suggested shrubs are not really hardy or suitable for a dry soil which cannot grow rhododendrons.

I spent the next two days thrown back on my own ideas. Indigofera seemed possible because it is admirable on dry soil and in the right place. In late June, it produces rose-pink flowers amid light feathery green leaves. It does not cast too much shade; it does not exhaust the soil; against a wall, you can grow the best one, Indigofera Heterantha *whose flowers are a deeper* purple-red.

However, I have used them already in my Oxford gardens where they are late to show any leaves and at risk to severe frost. They do not die, but they are cut down and delayed in a hard winter, so I have rejected them for my present purpose.

I also wish I could rely on the scented Clerodendron Trichotomum which is so handsome in August, but the frost always savages it in winter away from my walls. I am doubtful about the useful Abelia on similar grounds and as for the rarer Ceanothuses, I am afraid that the years since 1982 have made me vow to use them only where they are not the lynch-pins of the design.

After another two days, my ideas were going nowhere, except possibly the yellow-flowered Stachyurus which is too leafy in summer after flowering in April and is anyway happier on damp ground. I spent two late nights with Arthur Hellyer's shrub books and a weekend of evening readings from Hilliers Manual. The Manual's idea of hardiness is not mine, but I have come to realise that the choice is not between unknown families and familiar favourites: it is between well-known and lesser-known forms of the families which we all grow.

Having grasped this fact, I have found choosing to be much easier. When I reach "h" for hydrangea in a list, I do not move on because it is too familiar, but I look for the less-publicised varieties. It now looks as if my central shrubs will be berberis, philadelphus and privet.

You may think them a poor harvest from a week's dithering and late-night researches. You probably grow all three and dislike at least two of them. Perhaps you should look more widely through their family. My berberis will not be prickly or purple-leaved: it will be Berberis Temolaica which has a rare style in springtime when its pale yellow flowers appear among the ice-blue leaves.

The philadelphus will not be leafy old Virginal, but a charming form called Innocence whose leaves are marked with cream-white and whose scented flowers appear in mid-July. Its growth is less cumbersome than its well-known relations and I hope it will be well suited, giving height to a mixed bed.

As for the privet, it will have shiny green leaves and in August it will throw out long tips of cream-white flower on its widely-spaced branches. Its name, Ligustrum Quihoui, commemorates a great French gardener, but even the experts forget it.

You may not like these choices, but I hope I can encourage you to this method of choosing. There are many possibilities: one of the smaller lilacs, perhaps, or the distinguished evergreen Viburnum Henrye.

The principle, however, is right: change your criteria and look for something unusual in the families you know already. If the plant is really hardy, it is pretty certain to have relations which we have all grown and proven for years.

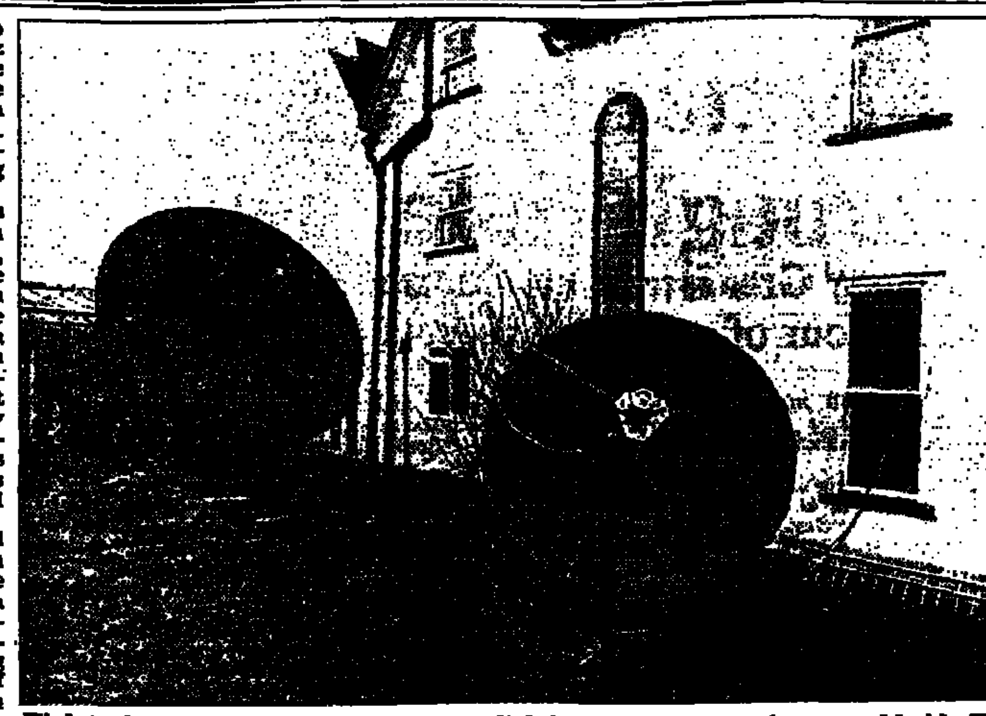
Robin Lane Fox

SIPPING a late-night espresso while watching a Milanese quiz show on the Italian Bar's large satellite television screen can be quite fun when you're stuck in Soho with nothing better to do. But is this the sort of programming you want in your living room?

Of course you could always switch to The Beach Boys 25th Anniversary on Super Channel, or watch a Sky Channel movie called Who is Harry Kellerman and Why is He Saying Those Terrible Things About Me? Then there's Anne of Green Gables on Filmnet, something called Menshenskinder on 3SAT, constant pop videos on MTV, speedway racing on Screen Sport, Les Animaux du Monde on France's TV5, a film called the Wanderers on Premiere and Polizerevier Hill Street on SAT 1.

That was the choice enjoyed by about 5,000 families who own satellite TV dishes (and those homes with cable TV) on a recent Sunday night. It's certainly diverse, but is it watchable? Is it really worth spending about £3,000 for the privilege of watching Hill Street Blues in German?

Judging by the small number of dishes, the public has given satellite TV a firm thumbs down. A combination of high hardware prices and banal programming will probably keep it a minority interest until the cheaper Direct Broadcasting by Satellite (DBS) system appears in the 1990s.



High-tech overkill? Only one satellite dish is needed to tune in to worldwide TV, but even so potential users may find the cost of the hardware offputting

A signal failure?

Of course, some programmes available only by satellite (or in those areas with cable) can be enjoyable and educational: there's the 24-hour Cable News Network from Turner Broadcasting in the US and Screen Sport that covers events not usually offered by the BBC or ITV. And foreign linguists, including Russian speakers, can benefit from watching programmes beamed from all over the world.

Many dish owners admit that *they watch few of the programmes.* But some find the technology itself fascinating and others think the expenditure is worthwhile just to tape the films, many of which are transmitted long before they appear on the BBC or ITV. Sports fanatics are willing to pay dearly for the pleasure of following minority-interest events, such as speedway, stock car racing and American football.

To receive these stations you need an aerial that looks like a monster wok. The dishes range from about a yard to six feet across and are designed to pick up signals bounced off communications satellites hovering in geostationary orbit.

The dishes can look quite ugly, especially to neighbours, so most local councils insist on owners *gaining planning permission.* The bigger dishes have to sit on a concrete plinth; this precludes putting them on most roofs and they normally have to stand in the garden, sometimes wrapped in a camouflage net. Some aerials can be bolted to a wall and the smallest, which are effective only in the south of England, lashed to a chimney stack.

Eureka!

The dish has to be placed in a spot from where there is a clear line of sight to the overhead satellite, so a tree-filled garden or nearby tower block can present problems. Stations are bounced off a number of different satellites and the dish has to be pivoted when tuning in. This can be done by hand, but to save wrestling with the dishes in the cold and dark most people pay extra for a motorised dish which can be controlled from within the house.

A "low noise converter" is attached to the dish and this sends the received signals via a stout cable to a tuner or "demodulator," about the size of a video recorder, which reconfigures the signals for the television set.

Prices range from about £1,000 *for a basic system, up to about* £3,500 for a motorised dish and necessary electronics. Installation, maintenance and insurance cost extra. The systems can also be rented from television hire shops. Renting might cost more in the long term, but it does give some freedom to swap the hardware when improvements are made.

Officially, dish-owners are supposed to buy a £10 licence from the Department of Trade and Industry. This makes the set legal, but only just. For the signals are not really meant for us, but for cable TV stations around the country.

The law governing the ownership of these signals is vague and it is highly unlikely that anyone will be prosecuted for listening in. Distributors of equipment usually collect a small subscription fee from their customers and pass it on to the stations. But some producers scramble their signals, forcing dish owners to buy the equipment - and pay a subscription - to unscramble the transmissions.

Premiere, the UK's main film channel, will be scrambling its signals from January. Sky and Filmnet already do, but for copyright reasons don't sell descramblers and discourage dish owners from viewing their programmes. But "pirate" descrambling devices are freely available in the shops to decode most signals.

DBS television is scheduled to start in the UK by 1990. Unlike the present system, DBS is designed to beam the signals directly to our homes, which means the dishes will be small enough to clamp to a windowsill and should cost no more than £100.

Programme makers are promising excellent viewing. But judging by what's on offer now, and given the enormous technical and financial problems of setting up DBS, it is highly unlikely that *the service will either appear on* schedule or produce original or interesting programmes.

So if you're bored with EastEnders, look for a good book rather than multi-channel TV. You have to be pretty desperate to watch Auf der Suche nach der Sonne on 3SAT or Cash and Company, starring that brilliant and world-renowned duo of Serge Lazareff and Gus Mercurio, on Sky.

Information on suppliers and programmes is published in a magazine called Satellite TV Europe, which is sold by most newsagents.

Peter Knight

**Peter Knight is editor of FinTech 2, electronic office.*

Legacy of despotism

WE FLEW in a small Soviet Ilyushin from the fertile rice paddy fields of Vietnam, where visible wounds of the war have healed, across the Mekong to the parched, forlorn land of Cambodia. After perfunctory customs formalities in the empty concrete Pochentong airport buildings we boarded a Phnom Penh Tourist charabanc and rattled off down the dusty, deserted andshack-lined track to the city.

In the centre of the Phnom Penh there is evidence of the gracious tree-lined French city of old: fine old colonial buildings, now windowless and roofless, indiscriminately extended in rough red brick; none repaired or repainted.

There are also the remains of temples and schools and the Cambodian Central Bank building, all destroyed by Pol Pot as symbols of bourgeois exploitation. There is the now unused National Stadium, which hosted the glorious Asian Games of 1966, proudly remembered by every Cambodian. And there is the old American Embassy building, now the Fishing Ministry.

Next door to the site of the planned Sihanouk museum, where a half-built hotel now stands, unfinished due to lack of money, is the Cambodiana Motel, where we stayed in delightful Cambodian palace style individual chalets. A staff of at least 30 presides. But they cannot provided food, so we were bussed off to one of Phnom Penh's three eating places: the the Beng Kak Restaurant, a lakeside wooden shack; the Friendship Hotel; or the much older Monorom. The malodorous fare in each was well compensated for the charm of the waiters and waitresses.

The highlight of our officially organised programme in Phnom Penh was a visit to the Royal Palace - or rather its Silver Pagoda. The people roam around the palace - still,apparently, just as Sihanouk and his family had left it.

Built at the turn of the century the palace centres around the marble-floored Main Hall. Here the King held official audiences on his throne, under nine golden umbrellas. When he wished to be more informal he moved down to a golden day-bed - now complete with Japanese stereo cassette player. A further hall flanked by two sumptuous royal bedrooms for the King and Queen makes up the main palace. The Royal Family actually lived in a smaller palace in the grounds.

The Silver Pagoda is a magnificent royal temple. The floor is made of silver - more than 5,000 kilos, most cooling to the feet. Huge gem-encrusted solid gold statues of Buddhas stand at the far end surrounded by hundreds of gifts to the former monarchs from foreign royalty.

The centrepiece is a beautiful two-foot high diamond-eyed Buddha made from one solid piece of emerald. I was so impressed that I bought a souvenir postcard. It was handed to me in an envelope marked "Norodom Sihanouk Upayuvareach du Cambodge" - scratched through in biro.

There were other, less comfortable experiences in Cambodia. We visited the largest and best cared for of the country's 30 orphanages. *There we saw 400* children of all ages, with no living relatives, sitting in their art classes painting harrowing pictures of babies bayonnetted by Khmer Rouge soldiers, and in their reading classes studying Novosti press bulletins, in Russian, for lack of other material.

Some danced charming Cambodian Apsara folk dances for us, others handed us souvenir handkerchiefs embroidered with the words Kampuchea Orphanage. How desperately the orphaned children of Cambodia need help from outside; but they seemed to know that they and their country can expect nothing more

than the leftovers of Soviet aid to Vietnam. They asked nothing of us.

More harrowing yet was a visit to the Tuol Sleng Museum, originally a school, latterly Pol Pot's headquarters, a centre for interrogation and torture through which more than 20,000 people had passed. This museum of genocide records acts of incomprehensible brutality.

There are photographs of the cells and their inhabitants as they were found at the time of the Vietnamese liberation, of the faces of all the 20,000 inmates, and of the Killing Fields at Choeng Ek, together with Pol Pot's own inhuman instructions for behaviour at the camp; sufficient evidence of the utter depravity of the monstrous Khmer Rouge.

One of our group, an old Japanese man whose daughter, married to a Cambodian intellectual, disappeared 11 years ago *had* on our tour come with his wife. It was terrible to see the old man desperately searching the rows of photographs for his daughter, son-in-law or grandchild - and to see the face of our guide, whose own family had been butchered by the Khmer Rouge.

One evening we succumbed to the pleas of a group of bicycle riders, lead by an eloquent pidgin-English speaker, and were pedalled gaily around the unlit streets of Phnom Penh, five abreast. We stopped here and there to walk down side roads full of the bustling street markets which are forbidden during the day.

The people, elegant even in dirty sarongs, gasped and giggled at our strange faces towering above them; adults as well as children shrieked with delight as our camera flashes lit up the scene. As we rode around I heard the views of my English-speaking rider on every subject - except Sihanouk and his Khmer People's National Liberation Front, on which he professed to have no opinion at all, until we were a safe distance from the others down a completely deserted road.

We made it back in time for *the 9 pm curfew and the ensuing* power cut which regularly afflicts the city, gave our riders - whose monthly salary never exceeds \$2 - a dollar apiece and tipped them with packets of cigarettes worth \$1 or \$2 each on the black market.

From Phnom Penh we flew north across the underpopulated, desert-like country to Siem Reap, en route to the fabulous temple of Angkor Wat. We circled the runway, lined with ill-concealed artillery before landing. From the airport building, where blood still stains the floor and windows are still smashed, we were eventually *escorted by soldiers and* officials through the army village to the temple.

We spent a few hours strolling through the terraces, corridors and towers of the magnificent tenth century construction - one of the greatest wonders of the world. Apart from the cleaning of the front wall by the Indian government, the loss of yet more Buddhist statue heads, a little more graffiti and many more smells and stains from the multitudes of bats who have lived in the temple almost undisturbed for so long, little appears to have changed at Angkor Wat.

The enormous temple - it covers more than 180 acres - is only a tiny part of nearly 60 square miles of ruins around Angkor, but the rest, even Angkor Thom, just a few miles into the engulfing jungle - from where we could *hear the sound of gunfire* - was out of bounds to us.

We left Angkor Wat bemused - but Siem Reap amused - after an excellent five-course lunch, complete with handwritten French menu, served by ancient French-speaking waiters in the dusted-out dining room of the old, barely used Grand Hotel des Ruines. At the end of the lunch a uniformed official arrived clutching a sign marked "douane", and completed the formalities for our departure from the country.

Phillida Seaward

Camping for big boys

I BLAME Fox. It was Fox's fault that our tent pole snapped. Fox was the most brilliant mathematician and most remedial camper in the scouts and, indeed, the school. He picked up scholarships the way the rest of us picked up badges.

Unfortunately, he was also the genius who broke the pole. This meant the tent should not really have been left in the rain. I swore that if I survived my next tent would have a roof of slates, sides of bricks and groundsheet of floorboards.

The spirit of Fox does not, I am glad to say, hover over the Caravan Camping Holiday Show at Earls Court this week. There is nothing broken-backed about the 500 caravans and vans which the organisers claim is the largest display seen in Europe. Some are sufficiently solid for owners to occupy them year-round. This is as well since, with a £80,000 top price, they are approaching the cost of bricks and mortar. The organisers say 25 per cent of all UK holidays are spent under tent or caravan roof.

My wife's enthusiasm for the open air means that 100 per cent of our summer holidays are outdoors. From Blacks we bought a canvas mansion which could *double as a circus Big Top.* Each of the individual sleeping compartments is several times the size of my original, slightly foxed, canvas hovel and you could ride a bicycle round the lobby. Sometimes we take in lodgers. To transport all the equipment to the five-star site of our choice, I cram it in a trailer which is taken to bits in the autumn.

When putting it together again I sometimes forget to tighten the nuts and am occasionally overtaken on the M4 by one of the trailer wheels shooting past on the fast line without indicating.

What with air-beds, sleeping-bags, hot-water bottles, fluorescent lights and hanging wardrobes, we enjoy a comfort which shows Baden-Powell as an obstinate masochist. We have a semi-detached extension on the front, a fully detached baby tent at the side. Yet, by contrast with the state-of-the-art technology at Earls Court, we are roughing it. There are space-age domes stable enough to be shifted like the shell of a vast tortoise. Raclet shows trailer tents which, when unhitched, spring up like the petals of a canvas flower and keep the occupants in comfort high above the nasty, rough earth.

A better way of keeping out of the Great Outdoors is to shelter in a caravan. Since the average model has the aerodynamics of an open parachute collapsible caravans have begun to pop up and concertina down. *Rapido* claims that 40,000 of its expanding vehicles are rapidly rising and falling all over the world. Fridges spring from the floor. Water pumps are optional extras. A fitted heater alone can cost more than £300.

Touring caravans usually err on the small side, so a lean-to tent attached to the outside means a family has more than standing-room only. It is not referred to as an awning, though, but as a spacious living extension. *Caravan owners are fooling themselves* if they think that these allow communion with nature.

There ought to be a certain degree of braving the elements, of roughing it, yes, of suffering. You do not win a Duke of Edinburgh's award by operating a built-in heater and fitted pump. What Earls Court needs is a visit from Fox, who must, by now, have a wife and a litter of clumsy great cubs. Together they could barge around the exhibits. Poles would splinter again, canvas would rip and collapsible roofs would stay that way. Fox may have been a second-class scout but, second time around, Baden-Powell would have been proud of him.

Jonathan Sale

A flutter back through time

Anthony Greenstreet conducts a short tour of country dovecots

IF YOU like an immobile but elusive quarry, dovecots could be the thing. Sometimes they stand alone on a hill, as at Bruton in Somerset, or in an empty field, as at Portwrinkle in Cornwall. But usually they are hidden behind a farmhouse, screened by an orchard or incorporated in a barn or church.

The challenge is that there is no dovecot Baedeker. To find them you must work from clues in Pevsner's *Buildings of England*, Mee's *The King's England*, Shell County Guides, the National Monuments Record and the National Trust, which owns a dozen. And you can still discover unrecorded dovecots.

When you have run down your quarry, its idiosyncracies should please you. It will probably be 300 to 700 years old. It may be square, double cube, octagonal or round, resembling a thimble, pepperpot or beehive. It may have elegant cupolas, lanterns, pinnacles, crow-stepped gables or overhanging string courses to keep out rats. It may be of stone, brick, thatch, slate, tile, wood, mud, or timber-framed with wattle and daub in-filling. It may be modest, accommodating a few score pairs like the weird rustic mushroom stump at Harlyn Manor, Cornwall, or immense, like the princely Willington dovecot near Bedford, with 1,500 nest boxes.

Some are minor architectural masterpieces, as at Chastleton House in Oxfordshire, and Erddig House in Clwyd. Few are now tenanted, but the stir and clatter as thousands of doves poured through the narrow lantern exits to forage at dawn must have been a thrilling sight.

Once there were 26,000 dovecots in Britain, housing perhaps 20m voracious pigeons. Probably 2,000 remain, of which 700 are in Scotland. Fife has about 90, the traditional possessions of a Fife laird being "a puckle land, a lump o' debt, a doocot and a lawsuit." In England, Midlands counties are most favoured, but all counties have some.

The Normans introduced dovecots. Only the lord of a manor or a monastery could have one. Their main purpose was to provide fresh meat through the winter after the November slaughter of cattle and sheep.

In the 15th century the Fellows of Kings College devoured 3,000 doves a year from their Grantchester dovecot. But pigeon dung made good manure and poultices, pigeon blood cured sore eyes, and a live dove split open and clapped warm on the head relieved melancholy.

Minor architectural masterpiece: the dovecot at Erddig in Clwyd

An uncontrolled dovecot building boom following the end of the monasteries and manorial rights gave rise to regulating legislation. In Scotland no-one could build a dovecot after 1617, unless possessed of land within a two mile radius, to the very large yearly value of ten chalders of victual, an ingenious formula deterring new building and ensuring that doves mostly ate their own owners' crops.

Criminal law protected the owner by making dovecot-breaking a capital offence. Balance was restored when turnips were introduced from Holland early in the 17th century. These provided winter fodder for sheep and cattle, and meant the value of pigeons as food no longer outweighed their depredations.

When I run down a dovecot I recall Leonard Wilde of Doncaster, who died in 1950. In 1930 he embraced the making of a Domesday book of British dovecots. Up to 1939 he tracked, listed, described and photographed hundreds. He appears in some of the photographs, looking pleased beside some ancient dovecot he'd added to his trophies.

Sometimes his wife features, gamely crouching in a small doorway in long-skirted suit, pearls and strap-over shoes. His notes are full of details of alighting slabs, louvres, lanterns and potences, a pivoting wooden pillar with attached ladder beam giving access to the nestholes.

There are human touches: at Orlingbury "the doorway is blocked by an elder-bush and ingress is difficult. The owner takes no interest in it and the few pigeons are wild. The building is used as a support for some humble but necessary out-houses of nearby cottages."

At Fineshade Abbey "it is disused, but is apparently intermittently occupied, chiefly by tramps." At Dalkeith, "Asked whose the pigeons are that make their exit with no little tumult as we open the rusted door, the lady of the house at which the key is kept replies that she fancies they must be The Dukes's."

In 1939 a stroke paralysed Wilde. He wrote sadly to a fellow dovecot hunter, "I had to drop all researches of this sort, and have since had to live a life, if such it can be called, of masterly inactivity." His archive is at the National Monuments Record. Perhaps one day someone will complete the great projected work.

For all their charm, British dovecots are homely affairs, so enthusiasts should pilgrimage to Varengeville-sur-Mer, just outside Dieppe. At manoir d'Ango, open from Easter to the end of October, is a colombier of stupendous grandeur. A huge half-onion, red-tiled ogee roof crowns a drum tower that would honour a renaissance palace. From a base of great chalk blocks rise innumerable intricate banded, marquetry patterns of red and black brick, and chalk and flint diaper work in squares and lozenges, surmounted at the eaves by boldy-shaped brickwork in oversailing courses.

This fabulous structure was built by Jean Ango, a Dieppois privateer, from the riches won by piracy in the early 16th century. A thousand pities that those who followed his trade half a century later - Drake, Raleigh and Hawkins - left nothing comparable this side of the channel.

Saleroom/Antony Thorncroft

Air on a million-dollar fiddle

ON DECEMBER 2 at the Barbican Hall the most costly grouping ever assembled on that stage will perform a charity concert to raise money for the Royal Academy of Music. The big money is not for the artists - they are giving their services free - but in their instruments. On view will be up to 20 Strads: violins and cellos created by Antonio Stradivari, the famed Cremona maker.

The Strads, worth well over £5m between them, have been assembled by dealer Peter Biddulph from Strad-owning musicians and collectors. If the concert is a success the hard pressed Royal Academy will be able to postpone indefinitely its heated discussions about whether it should sell some of its own six Strads, including a cello estimated to be worth over £600,000, to solve its financial problems.

In the last few years Strads have become much traded objects at the top end of the art market. In a long life, which straddled the 17th and 18th centuries, Stradivari made more than 600 instruments. In a good year over twenty of these change hands, many moving eastwards to Japan which has the keenest collectors. So far most go to musical homes, or to leading soloists, but the day is fast approaching when the prized Strads disappear into vaults as investment objects.

Itzhak Perlman, perhaps the greatest violinist currently working, sold his Strad recently for $800,000. It went to a Japanese conglomerate which has handed it over on loan to a promising young Japanese musician. Perlman was up-grading. He managed to find over $1m to buy Yehudi Menuhin's famed "Soil" violin, dating from 1714, plum in the maker's golden age, and reckoned by many to be the finest available Strad in the world.

Its main rival is the "Lady Blunt", which has created most the headlines about Strad prices. In 1971 it was bought at Sotheby's for £81,000, easily at the time a record auction price for any musical instrument. It went to a Singapore collector, Robin Lo. Two years ago he offered it for sale at Sotheby's, along with three other of his Strads, in the most ambitious auction ever held of musical instruments. It failed to sell, along with its three fellows, although the bidding apparantly reached £820,000. Mr Lo misjudged the market.

Yehudi Menuhin has sold one of the finest Strads for the six-figure sum

Since then the auction market for Strads can best be described as steady. Most of the action has been handled by dealers like the new, youngish Peter Biddulph and the old, established Charles Beare, who ensure that London is still the centre of the trade, although few expensive violins find permanent homes here. Biddulph has sold six Strads this year. Fortunately for business a Bostonian chemist has become a major buyer, spending $3.5m in the past couple of years on top quality instruments.

Sotheby's offered two Strads last week at its big autumn sale of musical instruments. One sold on target, for £165,000, despite the fact that it was badly cracked. Its good date, 1711, saw it home. Another was unsold at £150,000, mainly because it had been on offer at a New York dealers for some time and was over-varnished, in the American fashion.

If anyone is desperate to own a Strad this would be a good time to buy. The location of most of his output is known to dealers, and there are always sellers, at a price. A very early or a very late instrument need not cost more than £90,000. Graham Wells of Sotheby's is one of the few experts to have discovered a "new" one: he was brought a very early, very small and wormed Strad at a "discovery" event in Torquay in 1978.

Ironically, Stradivari cuts less ice with the professionals than he does with the public. His instruments are often close to perfection but many top soloists prefer the work of his contemporary, one of the Guarneri family, known as del Jesu. A del Jesu violin has sold privately for over $1.2m, but his smaller output - perhaps 150 instruments - and that fact that few of his violins have survived in good condition, counts against him.

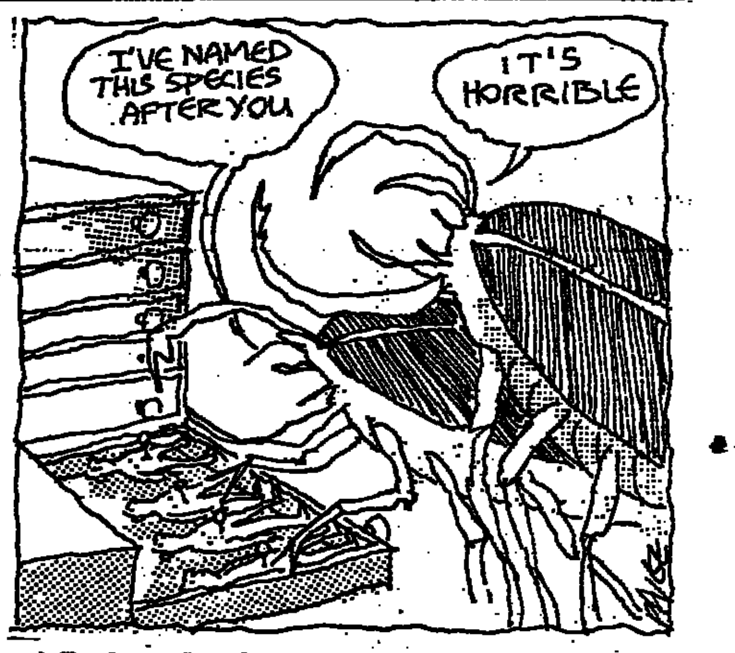
An economic recession, especially if it reaches Japan, will not help the higher reaches of the musical instruments market. But this is an unusual sector in that in addition to enthusiastic rich amateurs there is a constant demand from working musicians. Even an average string player in a leading orchestra will be playing an instrument worth at least £20,000.

This spread of demand assured Sotheby's a successful sale last week when in two days it offered around 1,000 instruments. Many were bought for Japan, but an English professional paid £42,900 for a violin made in Turin in 1846 by Pressenda who, along with his Turin contemporary Rocca, has become much sought after. Any prejudice against 19th century violins has withered away. A Rocca went for £57,200 in the same sale.

But there will be no 19th century instruments on view at the Barbican on December 2. It is hoped to perform Vivaldi's "Four Seasons" with every musician fiddling on a Strad. Whether the audience will notice the difference is doubtful. Strads make it easier for a fine musician to play well; but they do not convert carthorses into Derby winners.

Jeremy Cherfas introduces the naturalist path to fame

Invitation to immortality



IT ISN'T often that ordinary people have an opportunity to invest in immortality. Now, for just £3,000, your name could be remembered forever. True, it might be remembered only by a handful of entomologists interested in the finer details of parasitic wasps, but it will be remember/ed all the same.

Naming a new species is the privilege of the person who describes it, and usually the species is christened with a brief Latinised description. There are, however, no rules, so an enterprising American professor of biology is offering to name species after people who donate money to a bold new conservation project in Costa Rica.

Dan Janzen teaches tropical ecology at the University of Pennsylvania, but he spends nine months of every year working in Costa Rica. For the past two years, all his energy has gone into helping the Costa Ricans create a new national park that will more than double the amount of dry tropical forest in Central America.

Dry tropical forest is not a mistake. For six months of the year it is as wet as any rain forest. The other six, it is as dry as a desert. That gives rise to a unique flora and fauna, and it also makes the land extremely good for agriculture.

Few people have heard of dry forest, because there is very little left and most of it was destroyed centuries ago. When Columbus arrived, dry forest covered most of western Central America, an area the size of France; all that remains now would comfortably fit in Paris.

Janzen's overall scheme grew out of the quarter of a century he has spent in understanding dry forest for the sake of intellectual curiosity. With the information gained, he knows how to turn derelict pasture back into the original dry forest. He has persuaded the Costa Ricans to expand six times over the tiny bit of dry forest that now exists. The government is willing, but needs cash to buy the land for the new park.

Hence the call for investors in immortality. For £3,000 Janzen will name one of the hundreds of new species being discovered in the park after you. This sort of thing has a distinguished past. The number of species that commemorate the name of Rothschild as patron, not discoverer, is legion. Carolus Linnaeus, the old man himself, who gave biologists their current system of naming, immortalised many of his colleagues.

Olof Rudbeck gave Linnaeus his first job. He became a flower, *Rudbeckia hirta*, the American Black-Eyed Susan. As Linnaeus wrote to his professor, "So long as the earth shall survive, and as each spring shall see it covered with flowers, the Rudbeckia will preserve your glorious name."

Immortality as a straight commercial proposition is not quite so common. Hugh Hefner, begetter of the Playboy empire, is reputed to have paid thousands of dollars for the chance to name a newly discovered rabbit *hefneri*. Earlier this year, the National Museum of Scotland almost got into taxonomic trouble when it wanted to buy an extremely important fossil, an ancestor of amphibians and reptiles. The asking price was £19,550 but none of the commercial companies approached could come up with the cash. Eventually, Livingstone Development Corporation offered a thousand pounds towards the cost of the fossil, which was found on its patch. The museum had offered to name the species after a donor, but Livingstone Development Corporation is a bit of a mouthful. As a result, the museum is now the owner of a 340-million-year-old specimen called *Eoherpeton eldaceeson*.

You too could name a species. You can name it after yourself, the ultimate conceit but one that Linnaeus indulged when he called his favourite flower, the little pink twinflower, *Linnaea borealis*. You can name it after your enemies: Johann Siegesbeck denounced Linnaeus as "lewd" and "loathsome," so Linnaeus dubbed an "unpleasant, small-flowered weed" *Siegesbeckia*. The weed is remembered although Siegesbeck himself has long been forgotten.

You can name your species anything you like, as far as Janzen is concerned, just as long as you send money. As an investment, buying a species may not seem such a good idea. Preserving the dry tropical forest will bring uncountable benefits, but the direct financial return is zero. The interest of future biologists will have to do, and surely nobody really expects any yield other than immortality.

Immortality is just one of the things you can swap for cash in Costa Rica. The government does a swap of its own, a convoluted debt exchange that doubles the purchasing power of every donated pound. For £3000, Janzen will see to it that a species bears your choice of name, which it will continue to do as long as there are biologists to obey the edicts of the International Committee for Zoological Nomenclature.

The Fauna and Flora Preservation Society, 8-12 Camden High Street, London NW1 0JH, will supply full details of how to buy aspecies, or smaller items, from Guanacaste National Park. A documentary about Janzen's work in Costa Rica can be seen on BBC2 on November 22 at 8:35.

Apartheid of food

Food for Thought

IF WE really were what we ate, South Africa might not be such a divided country. For the dishes which are now regarded as distinctively South African are a direct result of a fusion between East and West which took place in Cape kitchens centuries ago.

When the Dutch colonised the southern tip of Africa, they picked up Malayan slaves on the spice route to serve in their kitchens. The descendants of these cooks are now classified "Coloured" or "Malay" by the South African government and denied the rights of whites. Yet it was they who revolutionised Cape Dutch cooking with the exotic spices of their homeland, creating a new cuisine which Afrikaners in particular now call their own.

Bobotie, for example, a minced lamb dish with a savoury custard topping, is served in every restaurant which offers "traditional" South African food. It metamorphosed from its rather bland Dutch origins into a spicy, sweet-sour, Malaysian-flavoured dish.

Bredie, a rich stew regularly served in Afrikaner homes, should, if properly made, contain ginger, cinnamon and whole pimento. It was these flavours, added to a basic Dutch dish by Malayan cooks, which turned bredie into a delicacy. Even the bastardised, watered-down version offered on take-away menus owes its popularity to the fact that it is still a stew with a difference.

The Dutch frikkadel (meatball), in the hands of the Malayan cooks, became much bigger and tastier, with its essential ingredients of ground curry spices (masala) and tamarind. There are few Afrikaner gatherings of the clan where you will not find these souped-up frikkadels.

Melktert, considered THE traditional Afrikaner dessert, is not the simple custard tart which early Cape Dutch housewives taught their cooks to make. (The Malays have no heritage of baking.) It is now fragrant with cinnamon and cardamon, if prepared correctly.

Afrikaner writer C. Louis Leipoldt, also a poet, naturalist, doctor and above all, a gourmet, applauded this Malayan influence on Cape cooking. He commented approvingly that "Malay cooks use spices with free abandon"; he noted how "chic" it was for households to employ Malay cooks; and he firmly maintained that "when the poets wrote of the ambrosia of the gods, they were surely referring to pienangkerrie" - a Javanese dish which features mutton spiced with tamarind, sugar, lemon leaves and other delights.

Boeber, a dish served on the 15th day of Ramadan in Muslim homes in South Africa, is proof that the borrowing process was not one-way. It originated in a dish of milk boiled with sugar and fine slices of dough (snysels) and served as a dessert. The early Malayan cooks added rosewater, cinnamon and cardomom to make it their own.

Cape Muslims also borrowed from the Indian cuisine brought to South Africa by labourers imported to work in the sugar plantations: beryani, a spiced rice and meat dish from India now takes pride of place at the sumptuous table laid to celebrate Labarang, the end of the Ramadan feast.

This cuisine has not escaped the politicisation which flavours all facets of South African life. Modern Cape Muslims will no longer tolerate the description of their food (or themselves) as "Cape Malay". They feel such a name suggests they are foreigners in their own country, and that today it has little to do with their forefathers' origins and everything to do with the South African government's race-classification laws. The irony of their influence on the white man's table, while being excluded from his suburbs, is not lost on them.

Indigenous black cuisine did not make a similar impression on the Cape Dutch kitchen, perhaps because it was "limited". The Arab influence on, for example, Kenyan coastal cooking, did not seep far south; there were no Moghul invaders to inject new dimensions into the African subsistence diet, nor exotic neighbours.

Spices did not grow wild as they did in the east, and tribes originally inclined to pastoralism rather than agriculture rarely settled in one spot long enough to cultivate much more than fast food - quick crops like maize ("mealies" in South Africa) still form the staple diet of rural blacks.

When blacks did enter white kitchens, long after those from Malaya had established themselves, they brought with them a cuisine too simple for "European" tastes and so were immediately initiated into the exotica of Yorkshire pudding and bredie. Only their mastery of the multitudinous ways to cook the mealie made its mark on white eating habits: the Afriksaners' favourite accompaniment to a braaivleis (barbecue) is stywe pap, mealie-meal porridge cooked to a stiff paste, which the Zulus call putu.

Urbanised blacks recalling their roots speak of this as their soul food, but the more middle class they become, the more Western their table. Less affluent black workers often favour a lunch of Coke and a half-loaf of white bread over more traditional foods.

If South Africa's economy totters, putu may yet become the national dish. But at present black cuisine remains as unrecognised as black aspirations.

Erica Platter

• DIVERSIONS •

Time for shoppers to investigate Brompton Cross

Lucia van der Post

HOW TO SPEND IT

New lines from the newly housed Conran Shop, all drawn by Anne Morrow.

ASK A London cabbie to take you to Brompton Cross and he's quite likely to think you're really heading for Brent Cross.Not surprising really when Brompton Cross has yet to make it onto any official map that I know of. Where the soubriquet comes from nobody knows but Brompton Cross seems just part of a current fad for finding chic little names for chic little spots. The exact area it circumscribes is far from precise but its heart seems to lie with the little group of very smart shops clustered round the corners of Draycott Avenue, Sloane Avenue and their junctions with the Fulham Road.

What you really need to know, however, is that if you're thinking of opening a new and modish shop you couldn't find a better place. Brompton Cross is where it's all happening and never more than now. Next Friday sees the unveiling to an intensely curious public of the new, revamped, revitalised Michelin Building on the corner of Sloane Avenue and Fulham Road.

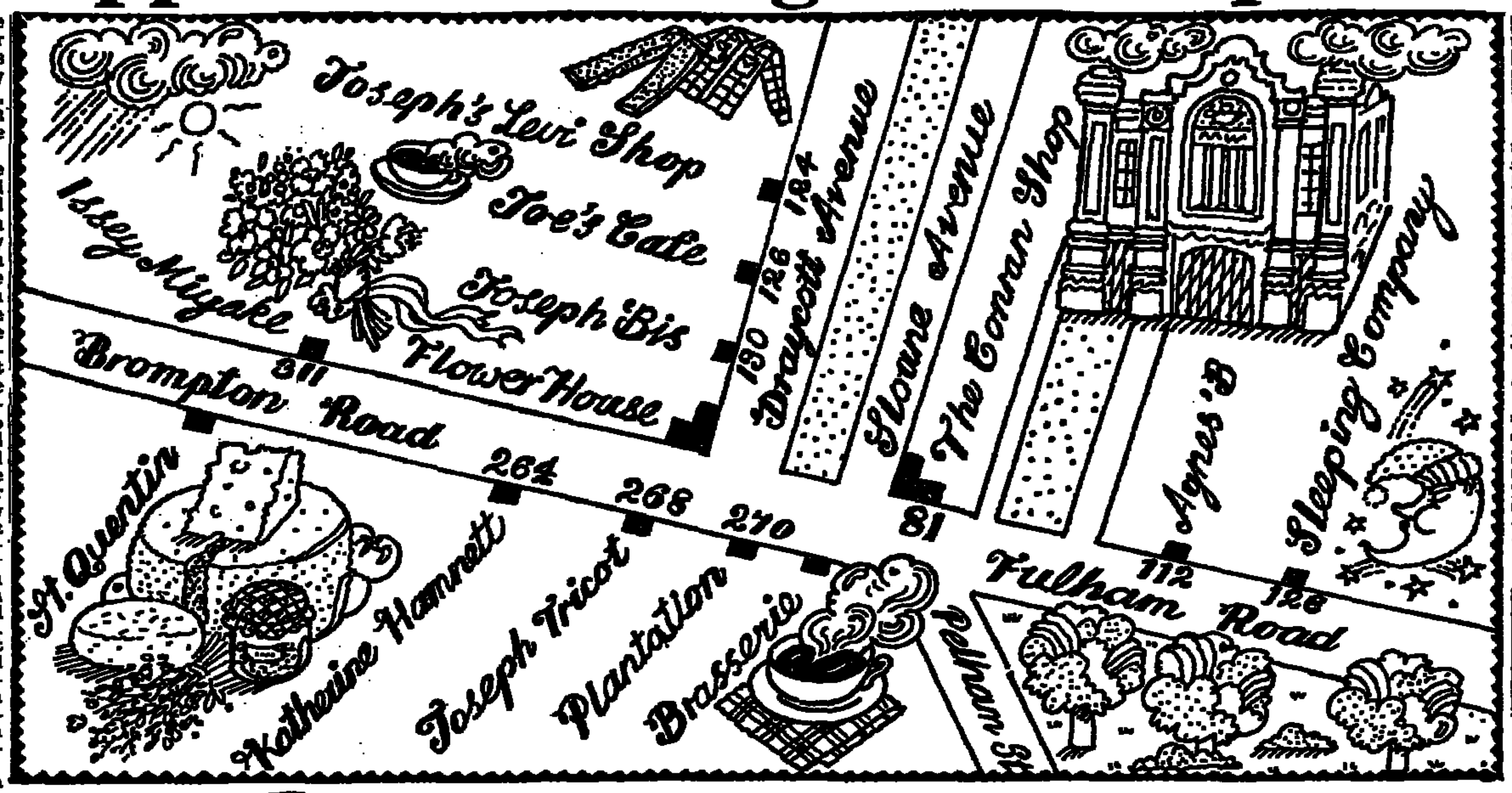
For Sir Terence Conran, the opening of the lovingly restored Michelin Building(which he and publisher Paul Hamlyn own together) housing a vastly enlarged version of The Conran Shop, an oyster bar and the Bibendum restaurant, must seem like a glorious rounding of the circle. When he pioneered the area way back in 1964 by opening his very first Habitat shop at 77 Fulham Road, there was little *else to take the fashionable shopper there*. Though it opened to cries of joy from the press and the public, the rest of the retail furnishing trade were full of dire predictions. "All very well for trendy Chelsea," they intoned,"but let's just see what happens when he takes that little lot to Manchester.").

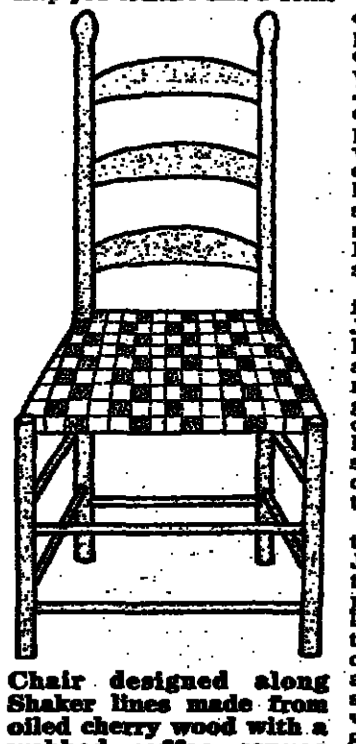
Today, Brompton Cross is an essential stopping-off point on the fashionable (and well-heeled) shopper's itinerary. If it's some years since you last were there, take a leisurely stroll around it on a Saturday morning. Start with a croissant and a cup of cafe au lait in the Brompton Brasserie, browse through the newspapers laid out French-style and plan your campaign.

Brompton Cross must be a clothes *freak's idea of heaven* - provided your style of dressing is expensively *a la mode*. Get your weekend gear sorted out at Joseph's Levi shop at 124 Draycott Avenue. Here you can find proper Levis, 501s in black, white or blue and everything else that you need to make the Levis look good - Compagnie sweatshirts, Chevignon jackets and, if Levis aren't your style, Philip Adec classically cut trousers.

It's a Joseph fan's happy hunt*ing-ground for* at No.130 *there is* Joseph Bis where the Joseph Ettedgui style is made available at more affordable prices and in more relaxed style for the younger Joseph fan. Here he sells his own-label, young sporty look, lots of lambswool and cotton jersey, little flirty skirts and shafts of green and royal blue among the sombre greys and browns.

Over the road at 268, Brompton Road, the more sophisticated Joseph fan can find sharp couture suits (at more sophisticated prices) in the Pour La Ville collection while on the ground floor there is the famous Joseph Tricot collection. This year's runaway success is the hand-knitted sweater awash with roses - in variations of black, white and grey, and at £285 a throw, *they're already on their third reorder.*





Chair designed along Shaker lines made from oiled cherry wood with a webbed coffee canvas seat, £135

Pottery Christmas plate full of charm, £2.95

Carved pure bone toothbrush (ideal for stockings),£2.10

311 Fulham Road is where Issey Miyake's new menswear collection has set up shop. Lots of structural Japanese shapes for those with the purse and the jobs to match - *not* what you'd wear to impress your shareholders but just what you need to prop up the bar in Joe's cafe round the corner. Admirers can tell an Issey Miyake garment at 50 paces. If you're in the mood to try something a little avant-garde, then avant-garde never comes classier than this. Take your courage in both hands, get out the Gold Card, try something on and you may find it much less daunting than you fear at first.

Female fans of the Issey Miyake look can find a (slightly) less expensive version of his style at Plantation at 270Brompton Road. First impressions are of a somewhat challenging minimalism but persevere, ask the assistants to put together a look that really suits you and you may well be very happily surprised.

Katherine Hamnett, she of the famous T-shirts, has at No.266 a shop that looks more like a giant aircraft hangar than a conven*tional notion of a shop. He and* She can shop together, cruising round among the clothes rails for a look that is, unaccountably, at once classic and avant-garde.

By now you may be in need of a little lunch. Joe's Cafe, nestling between Joseph's Levis and Joseph Bis in Draycott Avenue, is a famous people-spotting place. If that sounds off-putting let me recount its virtues. You can sit up at the bar and revive yourself with just a quick infusion of espresso or you can order as little as a glass of champagne (or even Perrier) and a giant salad. If in hungrier mood the waiters will be delighted.

If you're in the mood for more lavish food you're spoiled for choice - Mario's is elegant and Italian and particularly agreeable in summer when the wide windows are open onto the street. Brompton Brasserie *is* usually full and almost impossible to get into (on a Saturday, that is) but you could try the fishy Le Suquet in Sloane Avenue, any of the numerous restaurants in Walton Street and, of course, from next Friday Bibendum, where Simon Hopkinson, ex-Hilaire, will be presiding over a menu that looks full of authentic traditional French regional classics like *tete de veau* and *tripe Lyonnais.*

If all the prices seem way *beyond beyond your budget* (and there's every reason why they should) then head for Agnes B at 112 Fulham Road. Agnes B has long been a cult figure in Paris where her little group of Agnes B shops purveys her singular brand of personal style to men and women, children and teenagers. Here, Londoners can at last buy some understated Parisian chic of the sort that lasts and lasts without inflicting permanent damage on their cheque-books.

From next Friday, every stroller round the Brompton Cross area will want to take in the new Michelin Building. Stunningly and devotedly restored, its chief claim to the attention of the shopping classes will be the vastly enlarged Conran Shop which closes down at the old address on Thursday November 26 and opens in all its new glory opposite on Friday November 27.

The Conran Shop has long held a special place in the affections of those who like to furnish their homes in an eclectic way, who are not particularly committed to any particular style or period. It has been about the only shop I can think of where an old pine dresser could be found nestling alongside a glass and aluminium table from Italy, where traditional peasant cookware lurks beside the latest hi-tech cooking pans. Its charm has been its overall sense of style, achieved by very clever buying and an almost infallible eye.

Fans of The Conran Shop may well feel, as some rhapsodising customers of the very first Habitat are reputed to have felt, that they have gone to heaven. Here is The Conran Shop style but bigger, better, expanded and, according to Priscilla Conran whose particular baby it has been, "evolved." She has aimed to make it look "calm, classic, warm and happy, as if has always been there."

The old shop had some 8,000 square feet in all and the new one is about 22,000 square feet, showingd some 3,500 new product lines. Certainly the air of calm and light on entering the new building is almost tanagible.

Creamy tiles, beautiful cabinet work for the shop fittings and an air of old-fashioned attention to detail are immediately evident.

Special things to look out for:

● **American Country** - quilts, wreaths made of lavender, a wonderful evocation of a home-spun, honest American charm. Look out particularly for some marvellous furniture based on the Shaker ideals. The Conran Design Group (which designed the furniture) studied carefully authentic working drawings of true Shaker furniture and some pieces are almost perfect copies while others have been adapted for modern needs. All made in oiled cherry wood and made by Paul Lytton in Dorset, there are some eminently desirable pieces - a wonderfully generous and sturdy wardrobe/cupboard, a scaled up chest-of-drawers and a beautiful chair (sketched here),complete with brass stabilising pin in the back legs for just £130.

● **Conservatory department** - lots of furniture all based on rattan, including a wonderfully baroque table, all generous curves and generating an air of amplitude, and lots of lovely pergola type structures from France.

● **Fabric department** - beautifully subtle prints from India and Japan. I foresee eager home-dressmakers rushing to grab the sort of fabrics that are normally to be found only with the most avant-garde and expensive of Japanese designer-wear. Look out for revitalised Marimekko fabrics - instead of the bright, childlike, happy prints of yesteryear a new Japanese designer has produced wonderfully sophisticated textures and colours.

● **Enlarged furniture department** with six new designs of special sofas. The old giant Conran sofa had become something of a cult - I foresee the new Waddesdon with its all-embracing high sides and back, upholstered in subtle grey and white checks taking over that role.

● **Home Office** - put together specially to cater for the growing band of people who now work at home and not forgetting the housewife who has always worked from home. I specially loved a very flexible (yes, really) shelving system based on a most ingenious spaghetti joint.

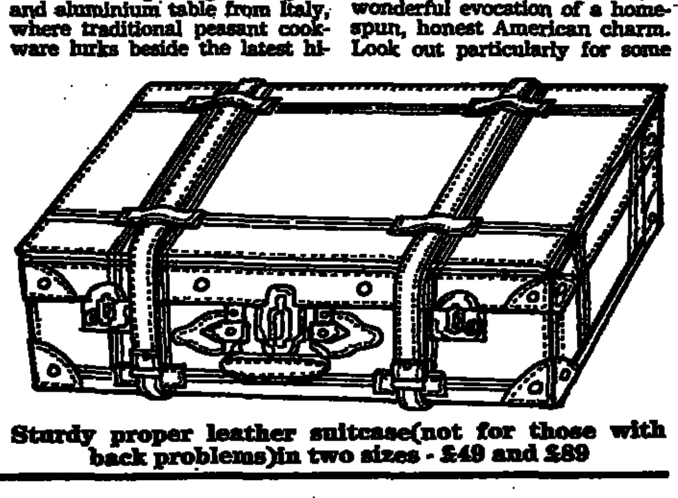
● **Presents** will have a collection of things old and new - old boxes from India, porcelain from China.

● **Table-top** has everything the well-dressed table might need - some splendid silver-plate ware developed in India, glass, china, cutlery, vases.

● **Voyaging** - irresistible and based, of course, on the old Michelin connecctions. Here you may buy an old-fashioned leather trunk (find your own porter), plan a proper voyage through the travel agent concession alongside (sounds like a marvellous service this, open by telephone 24 hours a day), order theatre tickets, buy your warming travel rugs and all the other necessities the true traveller needs.

● **Petits Cadeaux** - the place to go for presents for small children and babies. A varied collection of things old and news from antique pins and mugs to new clothes from Le Petit Faune, the marvellous children's shop in the rue Jacob in Paris.

● **Fine Oriental Department** - early domestic Chinese furniture, some antique porcelain, wooden temple pieces from India, antique rugs etc.



Sturdy proper leather suitcase(not for those with back problems)in two sizes - £49 and £89

A water jug in silver plate, part of a large range from India,£29.50

Cookery / **Phillippa Davenport**

Unseasonable behaviour

THIS WEEK I caught myself muttering, like the white rabbit, "I'm late, I'm late, for a very important date." The date in question is Christmas. Believing it to be some way off, I hadn't given it a thought. Then I discovered with alarm that almost everyone else seems to have got the whole holiday planned down to the last detail.

I panicked. Then I looked in my diary and learned with relief that it is still November. Dash it all, Christmas can wait. I decided to celebrate with something completely unChristmassy - a dinner party for friends this weekend.

SALMON SALAD WITH HERBS

Serves six

Spankingly fresh fish is crucial for this dish, a fishy version of *steak tartar*. I use farmed salmon or grilse, which is cheaper than wild fish and more fatty. I find it is best to flavour the mixture quite delicately and to hand round small bowls of fresh chopped herbs and capers, so that everyone can help themselves to extras as they wish.

A generous 1 lb very fresh salmon; fresh parsley, chives and fennel; two lemons; light olive oil; a few capers.

Skin and bone the fish and cut away the oily brown flesh that lies close to the skin. You should end up with about 12 oz of usable flesh. Chop it finely with a knife. Don't use a food processor: it is liable to reduce the fish to a mush.

Scatter the fish with chopped *fresh herbs, allowing about* 2 slightly heaped tablespoons of fennel, three heaped tablespoons of chives and two scant tablespoons of parseley. Add a good grinding of black pepper and some oil and lemon juice, just a teaspoon *at a time: 2-3 of oil and* 4-5 of lemon is probably enough to moisten and flavour the fish. Mix gently and set aside for 30 to 60 minutes.

Just before serving, season the salmon with salt and more lemon to taste. Add a drop more oil if necessary and perhaps a few thoroughly rinsed, drained, dried and chopped capers. Shape into small mounds on individual plates, garnish with crisp salad leaves and wedges of lemon, and *accompany with rye bread.*

QUAILS WITH POMEGRANATES AND RICE

(Serves 6)

A pretty and deliciously aromatic dish. Quail are blessedly good tempered: unlike other birds they do not become dry and tasteless if cooked ahead and reheated for serving. (I allow at least half an hour at 300F (150c) gas mark 2). The rice mixture is, however, best cooked close to serving time. Watercress is the only vegetable accompaniment needed.

Six quails; 3 pomegranates; 1 orange; 1 dozen juniper berries; 7 oz brown rice; 4 oz wild rice; ¼ pint richly flavoured poultry stock; butter and a little raspberry vinegar.

Grate the zest of the orange and crush the juniper berries. mix together and divide between the body cavities of the birds. Add a good seasoning of salt and pepper to each and secure the openings with cocktail sticks. *Squeeze the juice of the orange* over the quails and leave in a cool place for at least for one hour before cooking.

Choose a flameproof casserole just large enough to hold the birds snugly side by side. Melt two ounces of unsalted butter in it. Pat the birds dry and fry gently in batches, to colour them lightly all over.

Then arrange the quail, breast down. Lay a sheet of buttered greaseproof paper on top of them and cover tightly. Bake at 425F (220C) Gas mark 7 for 15 minutes. Turn the birds over, baste and season them, and bake for 10 to 15 minutes more.

Cut the pomegranates in half and pick the garnet coloured seeds from the bitter tasting creamy pith. Reserve the seeds from two of the fruit for adding to the rice. Squeeze the rest tightly in a piece of butter muslin to extract the fragrant rosy pink juices.

When the quails are cooked, remove them *to* a plate. Add the pomegranate juice, poultry stock and two to three teaspoons of raspberry vinegar to the buttery juices remaining in the casserole and fast boil for several minutes to make a rich, slightly sharp and aromatic gravy. Season it and enrich it by stirring in a generous knob of butter.

Quickly return the litte birds to the casserole, cover with greaseproof paper and the lid. Keep warm in a very low oven if serving within the hour. Or cool quickly and reheat later from cold.

Cook the brown and wild rices close to serving time. Cook them together in the same pan, using double their volume of liquid (salted water or stock) and allow *30 to 40 minutes cooking time.* When ready, fold in the reserved pomegranate seeds.

Use the rice mixture as a bed and lay the quail on it for serving. Garnish with generous clumps of watercress and hand *round the gravy in a sauceboat.*

PUFF PASTRY PEARS

(Serves six)

The contrast of buttery crisp pastry and tender ripe pears makes this so good. All pleasure is lost if the pastry becomes soggy: it must be thoroughly blind-baked and the fruit must not "bleed" into it. Buy ahead and nurse the fruit to perfect ripeness if possible.

About 10 oz frozen puff pastry (defrosted); just over 1½ lb ripe dessert pears; two teaspoons lemon juice; 1½ oz pale muscavado sugar; a generous pinch of ground cinnamon; scant 1 oz butter.

Use the pastry to line 6 x 4½ inch fluted flan tins. Prick with a fork, line with greaseproof paper and weigh down quite heavily with baking beans. Blind-bake on a pre heated baking sheet at 425F (220C) Gas mark 7). The pastry will need about 15 minutes with the paper and beans (but you will have to prick the pastry and push it down every five minutes or so as it cooks to counteract its tendency to puff up). Then remove the paper and beans completely, prick and press down the pastry again and bake for another five minutes or so. When cooked through, set aside until you are ready to finish the dish in the evening.

The pears can also be prepared ahead and I recommend a trick suggested by Julia Child for drawing out some of the fruit juices before cooking. This precautionary measure is well nigh essential when dealing with juicy, fairly soft textured pears. Quarter, core and slice the pears thinly. Peel them or not as you wish. Toss in the lemon juice and two tablespoons of the sugar. Cover and leave until the evening then drain off the juices and reserve separately from the fruit.

To cook, first reheat the pastry cases on a hot baking sheet, allowing *five minutes* or so at 425F (220C) Gas mark 7. Put the well drained pears into the tarts (no need to arrange them: a haphazard pile looks charming). Sprinkle with the spice and the rest of the sugar, dot with the butter *and bake for 15 minutes.*

If the pears are not perfectly ripe, it may be necessary to reduce oven temperature to 350F (180C) Gas mark 4 and to go on cooking for several minutes more to render the fruit deliciously tender.

Drizzle the reserved juices over the pears when the tarts emerge from the oven and leave to rest for two to three minutes before serving - without cream.

Spending surge to set stores' tills jingling

Lisa Wood on high hopes for the season among retailers

SANTA CLAUS may be bringing record sales this Christmas according to Britain's retailers.

"Interest rates are coming down, unemployment rates are falling and salaries are rising," said the Retail Consortium. "There is a feeling among retailers that Christmas is looking good."

The problems of the Stock Exchange appear not to have had a dampening effect on spending by the ordinary consumer. Uncertainty over money markets can lead to increased spending with consumers determined to have a shopping spree. According to Richard Felton, a director of Felton & Sons, the London florists: "When the chips are down a little luxury has a greater value."

Retailers are coy as to whether they will flout Britain's confusing Sunday trading hours in the run-up to Christmas. Last year some major retailers who had opened stores on Sundays in previous years, knowing that the Government was proposing a change in the law, were on best behaviour and did not break the law. The Bill was defeated in the Commons, with the controversial issue still being considered.

The temptation to open during unorthodox hours is intense. Reports from retailers suggest that consumers are shopping later and later for Christmas. J Sainsbury, one of Britain's biggest food retailers, which is anticipating its best-ever Christmas, said: "One lesson we have learnt from the past is that our systems have to be geared up to keep Christmas food lines in stock right up to Christmas Eve."

But Sainsbury, in common with most retailers, has many non-food lines in stock for a considerable period before Christmas in a bid to encourage the shopper to spread his or her purchasing over as long a period as possible.

Given its trading importance, considerable research is conducted by retailers into just what people want at Christmas, with particular reference to trends such as more convenience eating and increased interest in healthier eating.

But, by all accounts it is going to be a traditional Christmas - smoked salmon, turkey and trimmings, brussel sprouts, mince pies and Christmas pudding washed down by a few glasses of wine with port to follow.

About 80 per cent of the population will be eating turkey on Christmas Day - and after - with most retailers selling birds as loss leaders. According to Hillsdown Turkeys, one of the UK's biggest suppliers, frozen birds will be selling at around 56p a pound this year, about the same price as last year. Normal retailers' margins would suggest that a more realistic price would be around 80p a pound.

"The turkey represents a tremendous bargain at Christmas for the housewife," said Hillsdown Turkeys. Fresh birds, which come into shops about two weeks before Christmas, will be priced at between £1 and £1.25, again closely in line with last year's prices.

Hillsdown, along with other major producers, is funding a generic advertising campaign on TV AM on the theme of "Christmas isn't Christmas without a turkey." About 30 per cent of all turkey sales come at Christmas, a volume share that has been static after the strong growth in the 1960s and 1970s.

The overall market has however been slightly expanded recently, with producers introducing new products such as turkey steaks and turkey stir-fry, all products which could be attractive at Christmas to the elderly or the single. Retailers have been working with producers on new ideas such as Tesco's "fresh style" frozen turkeys - and chickens and ducks - where the birds are air chilled, with no added water.

Nearly as important as the bird is the vegetables. Supplies and prices of home-grown winter vegetables such as carrots, parsnips and brussel sprouts are looking good, according to the Fresh Fruit and Vegetable Information Bureau, but much still depends on the weather between now and Christmas.

Imported Christmas products such as nuts should be in plentiful supply, although the bureau warned that imports of Brazil nuts were slightly down this year and prices could go up if demand was heavy. Hazelnuts, many supplied from the US, could be cheaper because of the fall in the dollar, with a plentiful supply of chestnuts from France. "It is looking quite good for nuts this year," said the bureau.

The bureau noted a trend towards greater consumption of exotic fruits at Christmas - perhaps dressed up as an alternative to Christmas pud - with plentiful supplies of peaches, nectarines and apricots.

Suspicion that Briton is a nation of lazy eaters is confirmed by a trend towards the eating of more clemantines at the expense of satsumas. "The UK was the only European country that demanded satsumas at Christmas," said the bureau, "with Continental consumers preferring the stronger-smelling and more flavoured Clementine." What put Britons off Clementines was the pips, according to the bureau, but a seedless Clementine has now been developed without the seeds.

A similar love of convenience can be identified in the burgeoning sales of Christmas puddings, with most retailers offering their own particular mix, many free from additives and artificial colourings. Marks and Spencer proudly proclaims that this year it has the perfect Christmas pudding for the microwave with the mixture carefully blended to ensure a proper heat distribution.

A plethora of other products take into account the trend towards healthier eating. J Sainsbury, for example, is giving full distribution to wholemeal mince pies, on trial in a limited number of stores last year, and Tesco is selling an Allinson's vegetarian Christmas pudding.

The drink trade estimates that up to 40 per cent of sales are made in the three months before Christmas. For drinks such as port the percentage is much higher.

Big name brands, according to the industry, do particularly well at Christmas. Joe Coulson, managing director of Scottish & Newcastle, one of Britain's large brewers, speaking specifically about beers, claimed named brands accounted for between 80 and 90 per cent of sales at Christmas. He said that was because infrequent buyers, who only purchased over this period, look for brands they knew.

The drinks industry is however asking people at Christmas to spare a thought for the motorist. The Brewers Society has just launched its Wheelwatch campaign aimed at encouraging hosts to offer low or non-alcoholic drinks to drivers. It is a message not lost on the industry, which this year is making record promotions of low alcohol and alcohol-free beers, one of the growth areas in the business.

Christmas Fare

A basketful of bounty

Lucia van der Post

IS THERE anybody so blase that they fail to be excited by the sight of a hamper? The chief joy is that it is offers to adults the joys a bulging stocking gives to children. It is, after all, several presents in one - there is the container itself (so the nicer the basket the better) and then there is the slow unfolding of the contents, each one to be exclaimed and gloated over.

Christmas isn't really Christmas without a hamper. It's a vital part of the whole Dickensian imagery, an essential ingredient in the colourful myth of Christmas as a time of plenitude, of tables groaning with food, of ever-open hospitality, of wild and generous feasting and celebrating.

The ideal hamper should provide the lucky recipient with effortless but out of the ordinary treats. It should give instant access to a special claret, a pate more luxurious than any you would embark on in your own kitchen, a sweetmeat so delectable you would never buy it yourself, a biscuit so elegant it never normally graces your table - in other words, the two essentials of the successful hamper are ease and a certain sense of luxury.

You can, of course, put a hamper together yourself. For several years our Christmasses were made by lavish and ingenious hampers put together by a dear friend, now sadly dead, during his year-long travels. There would be dried funghi from Italy, chocolates from Belgium, fine wine from Germany, nuts and oils from the Perigord, dried herbs from Provence, the delights went on and on. This approach is wonderful for the recipient, but a labour of love for the giver. Fortunately, there is an ever-increasing number of shops, stores and small, home-based enterprises which will do it for you.

If you are, say, a company director who wishes, speedily and efficently, to dispose of your Christmas obligations then it could hardly be simpler. Most of the traditional purveyors of hampers such as Harrods, Selfridges, Fortnum & Mason, have a wide list of suggestions at prices from the low twenties to £650 for Fortnum's St James' Hamper (replete with a whole roast grouse in port wine jelly, a bottle of Stolichnaya vodka, a magnum of Taittinger Comtes de Champagne 1979, a bottle of Meursault Charmes 1er cru 1982 and much more).

Most stores these days put together a variety of hamper suggestions, some with a bias towards fine wines, others with an emphasis of sweetmeats, others still specialising in rich and expensive specialities such as truffles and foie gras. However, anybody wanting a more imaginative approach might like to look at the smaller companies that offer something a little more specialised.

Nuttalls Hampers and Gifts, for instance, of Bix Manor, Broadplat Lane, Bix, Henley on Thames, Oxon, RG9 4RS (tel 0491 579 929) offers a selection based on the usual Christmassy foods (dark bitter chocolates, Stilton, smoked salmon, spiced nuts, plum pudding et al) but also has some less conventional ideas. There is the love basket (pink champagne - what else?) or the VIP (clearly for those on a diet, as there is nothing edible at all - it consists of a clock, a hand-engraved silver photograph frame and a brass paperweight). If you have any ideas Nuttall will be happy to see if it can meet them.

Hobbs, of 29, South Audley Street, London W1 (tel 01 409 1058) specialises in chic burgundy or dark green painted baskets which make splendid bread or flower containers afterwards. The baskets are mainly filled with Hobbs' own products and you can choose from a traditional port and Stilton basket at about £24 to the exquisite simplicity of the "gold" hamper, which contains twelve bottles of Cristal champagne and some gold-foil covered confectionery. Exquisite simplicity never did come cheap and this will set you back some £550.

If fine, fresh, simple food is your idea of a Christmas treat then you might like to know about Michael Paske Farms. Besides hampers to please the cook (vanilla pods, olives with herbs, mixed peppercorns, whole-grain mustard etc), the family and the health devotee, Michael Paske will also despatch wild smoked salmon, venison in herbs and oil, a truckle of Cheddar and a variety of hams, including the famous black Bradenham. Write for a brochure to Michael Paske Farms, Estate Office, Honington; Grantham, Lincolnshire,(tel 0400 50449).

The Hamper People of Norfolk have a catalogue full of suggestions to meet almost every taste. The top of the range is called the Sovereign and for your £525 (plus carriage and vat, making £578.13) you get a list of goodies so long I only have room to mention the Magnum of Henriot Brut Souverain champagne, the Martell Cognac, the whole Weasenham Ham, the 2½lb of smoked salmon, the 6lb sirloin of boned and rolled Hereford beef.

Some of the less aristocratically named hampers, the Yeoman and the Blacksmiths' for instance, sound a lot less inviting - creamed rice, tinned cream. . . is this really somebody's idea of Christmas? - but perservere and there are some good ideas. I like particularly the packs of exotic fruits - nothing fattening and lots of fresh, clean tastes. For £17.50 you can get a boxload of vitamins, everything from pineapples, mangoes, pawpaws and limes to avocados, passion fruit and lychees.

More fresh fruit and vitamins can be provided by Telefruit, of 202-204 Long Lane, SE1 (tel 01-403-0555). Baskets can be tailored to suit the pocket but they start at about £17.50 for the smallest and go on up to £65 for the most exotic.

Once hampers always had to consist of food, but these days a hamper can be filled with almost anything that takes your fancy. Basket Express, of 4, Vale Close, Maida Valae, London W9 1RR (tel 01 289 2636) has some traditional hampers filled with port and Stilton, Christmas pudding and shortbread biscuits, but it also has what are usually termed "seasonal" ideas unrelated to food. The Snow Queen, for example, is filled with pure, white, lacy scented cushions, pot pourris, hangers, a white teddy bear, toiletries and other such delights. Or how about the Pampered Hamper? For £50 you could send a bottle of finest champagne and some wonderfully fattening chocolates plus a voucher for one hour's pampering at the hands of a qualified masseuse who will come to the home.

Burberrys of London supplies hampers for the lover of afternoon tea and other old-fashioned rituals, with fine teas, preserves, relishes, biscuits and cakes. Prices start at £45 and you can find them at Burberrys stores and the Scotch House.

Justin de Blank Provisions, of 42, Elizabeth Street, London SW1 9NZ is renowned both for the quality of his food and therefore for the contents of his hampers. He offers two suggested hampers, one at £45, the other at £85, both filled with de Blank's idea of fine food, rather than with especially Christmassy items. However, customers are encouraged to come along, buy one of the fine proper hampers and have a high old time filling it themselves.

Finally, Partridges, of Sloane Street, 132/4 Sloane Street, London SW1X 9AT (01 730 0651) has hampers of the usual Christmassy foods ranging from £25 to £175, but also has a selection of plain wicker hamper baskets which it will be happy to make up to special order. You can either wander round the store choosing for yourself or get the staff to help.

• WEEKEND FT REPORT •

Frank Gray looks at the festive mood in the cigar market

Counting the Montecristos

THE BIG BANG may now be bust, but for the quality cigar trade 1987 has been a banner year, with a sharp rise in sales reported by most merchants after years of useful but inevitably contracting business.

The boom looks like continuing in the near term, at least, with many importers broadening their ranges and smartening up the packaging of their better cigars in the run-up to Christmas.

While the veteran smokers can be expected to supply continuing custom to the trade, no matter what happens on the stock market, real Christmastime success going on into the new year will depend on how successful the trade has become in winning the long-lasting support of the yuppies - or, as they are known as in the Square Mile, the "young City ostentates" or simply YCO's for short.

Knight Brothers importers, exclusive handlers of the Romeo y Julieta marque, which, along with Montecristo, Upmann, Davidoff and Partagas, is probably the most popular Havana cigar on the market, are now handling 22 different sizes of cigars under the R & J band.

Managing director Peter Knight says that two new types now being imported are the Fabuloso, a 9 1/4 inch, hand-rolled monster selling for £12 each or £120 for a box of 10. More popular is another new type, the Belicoso, a conical-shaped five-inch cigar of the type Knight Brothers used to supply to Sir Winston Churchill but not seen in the UK for some years.

Not to be outdone, importers Hunters & Frankau are supplying West End and City merchants with the Montecristo "A," also a 9 1/4 inch piece, seductively presented in its own special box with a price tag of £15 each.

Indeed, the Montecristo marque could not have received a better accolade than that given by Lord Lew Grade during his sweep of the TV studios to mark his 83rd birthday and the publication of his autobiography. The "A" is his favourite cigar, and although he has cut back consumption in recent years, he does not consider his day complete unless he has smoked at least eight.

Joseph Samuels, the third prime importer, benefits from the vigorous salesmanship of Frank Warwick, the firm's 83-year-old chairman emeritus whose knowledge of cigars probably surpasses anyone in the trade. To Warwick, the Havana cigar trade has never quite been the same since the onset of commercial jet travel which, by coincidence, began just as Castro was overthrowing Batista and, briefly, imperilling Cuba's most famous export product.

"Sea travel and Havanas used to go hand-in-hand," he recalled recently. "It was the Queen Mary to New York, then a race to Pennsylvania Station for the train to Tampa, then onward to Cuba aboard the S.S. Havana."

While the older smoker is a good advertisement for the trade, particularly if he is a successful and well-known personality, the big news is the emergence of younger smokers.

This is best exemplified at Alfred Dunhill in the West End, where Timothy White, aged 29, yielded his position as sales manager to 24-year-old Russell Pleece, now the youngest cigar-room manager in the UK. White is taking his expertise to Sydney, Australia, where he will start a quality cigar business in the new year.

Salesmen are generally agreed that the Big Bang has helped get the "mature" business of selling quality cigars out of the doldrums, with more and younger people making the expensive but satisfying "flight to quality." Success being the yardstick, what better way to show it off than by lighting up the best smokes money can buy - a Havana hand-made cigar costing anywhere between £2 and, in the case of Lord Grade's Montecristo,£15.8 While Cuba's soil, weather, tobacco and centuries-old tradition of cigar-rolling make its products unique, it is not the only player in the game.

As American smokers have learned - the ban on Havanas is now in its 27th year - cigars of comparable quality, if not of range and size, are available from Jamaica, Honduras, the Dominican Republic, Brazil and the Philippines. Many of these, particularly Jamaicans, have hit the UK market at times of crises in Cuba, such as the deadly blue mold, which wiped out crops in the late 1970s and early 1980s.

While Havana importers have long claimed a 90-95 per cent share of the quality trade - about 4m to 4.5m pieces a year - it emerges that the non-Havana trade is increasing rapidly and may now account for 20 per cent of all real cigars sold.

Joseph Samuels keeps its hand in the competing sector by importing Macanudos and Temple Hall from Jamaica, and Don Ramos from Honduras. Knight Brothers imports, but admittedly has let slide, Aurora cigars from the Dominican Republic, while Hunters & Frankau distributes Royal Jamaica.

A comparatively new importer, JM Gerlach of Forrestal Limited, this year will have taken in some 400,000 cigars from Honduras, the Dominican Republic, the Philippines and Brazil.

While there are an estimated 200 quality cigar merchants dotted round the UK, the lion's share are in London where a kind of cigar-circuit of the best shops has developed among the trade's more zealous devotees.

It begins at 19 St James's Street where, next month, 67-year-old John Croley, 50 years in the trade, will officially mark the 200th anniversary of Robert Lewis Limited, probably the oldest continuously run tobacco retailer in the world. Croley, whose establishment was celebrated recently in a commemorative book, A Puff of Smoke*, stocks no fewer than 18 marques of Havanas and competing foreign brands in a range of between 350 and 400 different shapes and sizes.

Davidoff's, just 50 yards up the road, has a lively shop front, reflecting the eternal zest of its founder, Zino Davidoff, now 81. It is under the management of Edward Sahakian.

A further 100 yards away is Dunhill's on Duke Street, a luxury goods shop, but whose humidor room, with its 300-plus numbered lockers for clients, is the heart of the premises.

J.J. Fox & Company holds swayat the north end of the nearby Burlington Arcade. An Irish-registered company, it has long drawn custom from the horse-racing set.

A further five-minute walk places the visitor on the steps of Desmond Sautter's Mount Street store, strategically opposite the Connaught Hotel, hostelry for the highest of high-rollers visiting London.

A taxi ride towards the Square Mile puts the client at John Brumfitt's at 337 High Holborn, established in 1864. A few minutes away at Chancery Lane and Fleet Street is S. Weingott & Sons, and along London Wall in the City is W. Thurgood, which basks in the custom of the catering trade feeding the banquet and board rooms of the City's financial institutions.

*A Puff of Smoke, by Iain Scarlett, 59 pages, Robert Lewis (St. James's) £9.95

Wetting one's wassail

Matthew Fort gets into the Christmas spirit with a look at beverages to get you safely through the tribulations of the holiday period

I've always wondered what wassail was. People seem to have spent an unconscionable amount of time wassailing round about Christmas in former ages. I suppose it was a potent form of punch designed to blot out the general ghastliness of Merry Christmas.

Things must have been quite simple in those days, whenever they were. Your average middle class family nipped down to the local off-licence for a hogshead of Canary or Sack, a butt of ale and a saucepanful of wassail, topped off by a home-made liqueur such as meed. I imagine they were all pretty revolting.

Of course, nowadays we are much more sophisticated. We can blot out the ghastliness in a thousand different ways. Christmas brings a rush of blood to the head and a flood of hyperbole to the pen of our ingenious wine merchants. The already tottering postal service collapses under the weight of Christmas catalogues, hamper brochures and special offer leaflets. If we banned all of these our Christmas cards might have a chance of being delivered before Christmas day.

But it's not really for Christmas that we order our booze. It's that whole period between, say December 15 to about January 1, at which point our constitutions collapse and we lapse into groaning sobriety.

What you buy to get you through this time depends very much on the weather. It's hard to wax too lyrical about the joys of mulled claret and steaming punches on warm muggy days and the attractions of sloe gin, cherry brandy and whisky macs are greatly enhanced by the crunch of snow underfoot and the nip of frost on the cheek.

If we are lucky enough to enjoy a traditional Christmas, all holly and mistletoe and toboggans, I can recommend no better winter warmer than krupnik, a Polish tipple made from Polish spirit infused with honey, cinnamon and other spices. Adam the Pole, whom God preserve and about whom I wrote the other week, serves it warm before dinner and cold after. Either way, it keeps the demons at bay.

But we are talking about occasional drinks here, the ones you set alongside madiera at midday, sherry before lunch, armagnac or eau de vie after and so on. If you are to survive the full course you need a staple drink, something you can turn to for breakfast, lunch and dinner and the times in between.

When I was a lad we used to get in a firkin of Brakespear's bitter. It provided a very useful underpinning for the wines and spirits and it kept us out of the pubs. Now, alas, we no longer have the cellars in which to keep our ale. Anyway, I could not pretend that beer was the answer to everybody's prayers.

For those who really want to pray, and can afford to, there's good champagne. In my view, if you can't afford good champagne, don't afford any. Foul champagne is as foul as any foul wine about and a good sight more expensive. These days, there are so many decent methode champenoise and other fizzes about that don't come from Champagne that you can be pretty sure of finding a reasonable substitute. Everybody has their favourite. Mine is an elegant Italian number, Prosecco di Conegliano of Carpene-Malvolti.

Somewhere between the Krug '69 and the Brakespear's Best Bitter are the wines of Balkan pedigree from Bulgaria. I mention them because I have been fascinated by the impossibly remote and romantic sounding places they come from. The actual wines are less so, being oenological artefacts carefully crafted for the modern palate. They are none the worse for that and, at less than £4 a bottle for the very best among them, you can afford to stash away a good many bottles yourself and be generous to Aunt Ethel.

I suppose food has to enter in at some point, although the way I have written about Christmas thus far the odd turkey thigh or tranche of Christmas pudding will be no more than flotsam and jetsam on the racing flood.

Because commercial pressures cause Christmas to begin earlier and earlier, we seem condemned to a diet of turkey with all the trimmings from July onwards. Come the day itself, we may be sick of the sight of it, but sure as eggs is eggs the great brown varnished hammock will be eased out of the oven. . . to be washed with what? Turkey may be ubiquitous, but Christmas Day is Christmas Day and personally I want something special to soothe the savage breast. Conventional wisdom may suggest more champagne, or even a spot of claret, at least cab. sav. of some description.

Break with tradition, say I. Cast conventional wisdom to the four winds. Fill the loving cup with a rose, a really good rose like Domaine d'Ott, or even a just good rose like that from the euphoniously-named Maitres Vignerons de Presquiles de St Tropez. This you can glug back and not fear the consequences, even from Aunt Ethel.

Christmas pudding is a more difficult matter. Nothing, it would seem, could make that clod of fruit and nuts digestible, not even the extra helping of brandy butter. But wait, what's this shimmering in the glass, cowslip yellow, smelling of hay, honey and sunshine: Sauternes (or at a pinch, barsac, or at a pinch of a pinch, Montbasillac; sweet Muscats will not do; auslese wines from the Mosel or the Rhein might).

The crackers have been pulled, the funny hats discarded. The evening is slipping away. The children have left the table to break the rest of their toys. At last you have broken through to the sunny uplands of repletion. It's all over, bar the indigestion. Time for a spot of wassailing, methinks.

Rum is so very special

RUM SERVED as a cognac? These are revolutionary words for the veteran rum drinker, so often exemplified as the ex-sailor pining away for the days of the naval tot, the dark demarara taken in a single gulp before noon on the deck of a warship, preferably at anchor in a tropical climate.

Although the tot is now history, the tradition of drinking dark rum lives on in Britain's seaports where Lambs and Woods Navy, Lemon Hart and Seagrams Captain Morgan sell most of their sugar cane distillates.

The rum-as-cognac scenario also is an eyebrow-raiser for the pre-marriage cocktail set, whose tastes incline to the white rums of Bacaradi, Dry Cane and Savannah Gold, mixed, almost invariably, with cola.

But Bernard Windsor, sales director for United Rum Merchants, proprietors of Lambs and Lemon Hart and merchants for Appleton of Jamaica, says that rum more than any other spirit is a drink for all seasons. He believes its time has come.

Windsor proved his point at a recent tasting to launch Alfred Lamb's Reserve, a special blend of pot-still Jamaican rums, the youngest of which was eight years old. On sample at the session were a half dozen rums, ranging from the dark Special Reserve to young rums the colour of water. Tastes varied from a woody-flavoured schnapps for the light rum and a mellow drink redolent in the aroma and taste of caramel mixed with the best distilled spirit of sugar cane molasses for the golden rums. The coup de grace was the reserve, which crossed the palate with the smoothness of the best cognacs, yet leaving the assembled guests with the clear impression they had just holidayed in the Caribbean"

Many Britons are rediscovering the delights of a drink which helped sailors found the British empire.

Whatever else you read about Britain's imperial heyday, forget it, says rum historian Michael Fogg of Grand Metropolitan's Saccone & Speed. The empire began when Vice-Admiral William Penn attacked Spanish Jamaica in 1655 and rewarded his sailors with an issue of local rum. It ended with the last command to "up spirits" on July 30 1970.

The tot may be dead, but 'Pussers' rum, so named by sailors because it was ships' pursers who were responsible for provisioning the navy, is once again alive and well. Pussers, at 95.5 proof, now is being sold in British off-licences under original Royal Navy approved blends, thanks to the enterprise of one Charles Tobias, a navy veteran who produces it in Tortola, British Virgin Islands.

Another new arrival hitting store shelves this month is another cognac-type aged rum, Royal Oak from Trinidad, whose proprietors are the Angostura company, who also own Trinidad's more famous Fernandes & Company, better known for their golden Vat 19.

Undoubtedly competition remains formidable. Rum sales account for about 10 per cent of all spirits sales in Britain, about 2.5m cases per year in total. Bacardi from Nassau takes up more than 1m of that share, virtually all of it with its white rum, which competes more with vodka and gin than with other rums.

"Not a true rum," claims the competition. Nevertheless, as the world's largest single-brand spirits producer, with 20m cases sold last year worldwide, it has an advertising war chest of a £3m, more than double all other UK rum producers combined.

There is fierce competition also in the newly emerging golden rum sector. Patrick Mayers, managing director of Handschell Innes, proprietors of the Barbados Cockspur brand, argues strenuously that the best rums are golden. These are as smooth as cognac, perfect on-the-rocks, delightful for the Christmas pudding and a primary ingredient in any of the rum cocktails served in Britain's better hotels and commonplace in the Caribbean.

Booker Plc, a name synonymous with demarara rum from Guyana, is helping Guyana relaunch its El Dorado brand on the market this winter, while Mount Gay, said to be the world's oldest distillery site in Barbados, established in the 1650s, markets a rival which is now beginning to break out of Britain's ethnic communities. Appleton, owned by Wray & Nephew of Jamaica, produces two golden rums, an Estate Special and an Estate Five-Year Old.

With some searching round the off licences, the enterprising, or desperate, rumophile can acquaint himself with the parent company's unpretentious and lethal 151 proof white rum, which ought to be used sparingly in cocktails rather than on its own. If not, headaches are guaranteed.

There are historic oddities, too, which defy explanation. United Wine Merchants of Belfast, which ships Vat 19 to the UK, claims extraordinary sales in Northern Ireland, with nearly 30,000 cases of its dark and golden rum sold there poere year, against just 2,000 in Britain.

Even Havana Club, the Cuban nationalised rum company, is close to finalising a deal with Invergordon whisky to bottle and sell its rum in the UK under the Romeo y Julieta marque - no relation to the Cuban cigar of the same name.

Bookers is still the major shipper of demarara, so named because it is distilled in Demarara county on the Demarara river in Guyana.

Bookers' Ben Cross points out that colour does not necessarily denote an older rum. Indeed, because of Britain's entry into the EC, the three-year age rule was waived and there is no minimum age requirement.

Demarara rum is still the largest single rum sold in the UK, with Jamaican second, and the darkness designates the degree of caramel colouring rather than, as is commonly believed, ageing in wood and molasses or demarara sugar colouring.

Unlike whiskies, the best rums are blends and the age on the labels denotes the youngest rum in the blend. The best rum, Cross says, come from pot stills, common among the smaller Caribbean nations, but the most even quality rums are produced through continuous distilling used by Bacardi.

Sugar cane varieties also affect the quality of the end product, says Cross, adding that the yeast type used to ferment the molasses has to be carefully selected.

Frank Gray

Thank you for smoking

BRITAIN'S PURVEYORS of smoked salmon are facing Christmas with equanimity to put it mildly. Although this deep pink food of the gods is a fish for all seasons it reaches its peak sales during the next few weeks

Companies such as Scottish Reel, with a smokery in Scotland and a London base in unfashionable Kensal Rise, will be sharing in a market which, it is estimated, tops £9m in the last few weeks of the year. The man who runs it is Luan Cronin, who left insurance for salmon some time ago and now supplies a lot of City wine bars, restaurants and instituions and does a flourishing mail order business with what Scotch salmon people call "the real thing."

Scottish nationalism is alive and well and living in the salmon industry. Considering that a lot of distributors are as English as the City of London (I even met a German brandishing the cross of St Andrew when it came to smoked salmon) this is ironical. But fanatics like Cronin (and I use the term in a kindly way) do not acknowledge any equal. It seems that dedicated epicureans agree.

Cronin deplores the wide practice nowadays of selling Norwegian salmon as Scottish, and even rainbow trout. He and his supporters rhapsodise on the beautful deep pink colour, the special texture and flavour. One connoisseur told me: "Some of the smoked salmon you see in supermarkets feels like rubber, looks like rubber and almost tastes like it."

So determined is the industry to preserve its purity that there is now a Scottish Salmon Smokers Association, based at Paisley, playing a watchdog role and it is hoped that by putting its gold seal on packs, the non-Scottish heresies will be discouraged.

Having got your salmon, what do you do with it? It is a versatile fish but many regular consumers believe that you take it neat, slice by slice, or between thin slices of brown bread. Even lemon juice is a heresy. We know that the Prince of Wales likes it for breakfast with scrambled eggs and I can reccommend this for Christmas morning. My colleague, Lucia van der Post tells me she makes a cold dish of smoked salmon with dill, sour cream, lemon juice and pasta.

I was even told of a great eccentric who puts about two ounces between two slices of Madeira cake - "it's the sweet and sour flavour I love" he says. Well yes - there are people who put marmalade on kippers, I'm told.

I can recommend it served as it was at a recent tasting - simple slices wrapped round generous splodges of Iranian Beluga caviar and with a generous measure of VSOP cognac to wash it down. This must be the world's most expensive snack and I don't ever expect to experience it again.

Which takes us to caviar. There again you find fanaticism and culinary nationalism. At Rothschild, a caviar house with a place on a small industrial estate just behind the Kensington Hilton Hotel (where else?) the girls were packing up the little pots of black gold for Christmas. It seems that even normally sane providers will splurge like mad on real caviar for Christmas. But, then, what is real caviar?.

At Rothschild they speak of the superiority of Iranian caviar over Russian - it has a lot do with the depth of the Caspian Sea, which is deeper on the Iranian side, thus giving the sturgeon more space to lark about and do whatever it has to do to produce caviar. And Russian caviar, they claim, is "pasteurised" - treated in some way to give it extra appeal.

The caviar people don't really like talking prices. "Think of the beautiful product and don't think about the price." This is rather like the story of the man who wanted to buy a Rolls-Royce, asked the price and was told: "If you want to know the price, you can't afford it."

But not everybody is caviar-orientated. The late Field Marshal Slim, in his autobiography, tells the story of the British force sent to Persia in World War Two. They were given their first issue of caviar. Suddenly the cry of a private soldier was heard in the night: "Hey, mate - this jam astes like fish."

Alan Forrest

Geoffrey Moore on a rich American high-level saga

In Teddy's gilded age

Gore Vidal: back on Capitol Hill

EMPIRE
by Gore Vidal. Andre Deutsch. £11.95, 587 pages.

MYRA BRECKINRIDGE AND MYRON
by Gore Vidal. Andre Deutsch. £12.95, 417 pages.

ARMAGEDDON?ESSAYS 1983-87
by Gore Vidal. Andre Deutsch. £11.95, 244 pages

EMPIRE IS exactly the right title for the latest instalment of Gore Vidal's on-going fictional history of the United States - the fifth in the series after Washington DC, (1967), Burr (1973), 1876 (1976) and Lincoln (1984). This time he has chosen one of the most expansive periods of American history, namely McKinley's administration of 1897 until his assassination in 1901, followed by the reign of "Theodore Rex" - as Teddy Roosevelt was sometimes called.

This, the tail end of what Mark Twain called the "Gilded Age" saw the re-emergence of the policy of Manifest Destiny - that is, the desire of the United States to be paramount in the Caribbean and also in Central and South America. Following the "Maine incident", when an American battleship was blown up in Havana harbour, the United States picked a quarrel with Spain, ostensibly to support the cause of freedom in Cuba. In a 10 week war, Spain was easily defeated and Cuba (naturally) became an American protectorate.

In a reversal of Pearl Harbor, Captain (subsequently Admiral) Dewey sank the Spanish fleet in Manila and the Philippines were also placed under American "protection". In such conditions ("It has been a splendid little war ... " wrote John Hay), it was comparatively easy to acquire Puerto Rico, Guam and Hawaii as well. A hundred thousand Filipinos, who objected to American empire-building in their country were wiped out, causing Mark Twain to say that the white stripes of Old Glory should be painted black "and the stars replaced by the skull and crossbones."

Like the great moralist he is, Vidal obviously enjoys describing this swashbuckling world, wheeling out Important Personages and having them air Important Issues. "How can we," says Henry James "who cannot honestly govern ourselves, take up the task of governing others?" But such tentative expressions of moral and ethical values are lost in the tide of events, which Vidal relates with relish, holding back authorial comment but showing where his sympathies lie by the way in which he presents his political and social lions.

He doesn't for example like Teddy Roosevelt one little bit. The episode of San Juan Hill and the Roughriders was, Vidal implies, grossly inflated by the Hearst newspapers. Roosevelt is described as a fat little man with a high falsetto voice and "tombstone" teeth, which he clicks loudly between intervals of shouting "Bully" at all and sundry.

McKinley ("the Major") comes off a lot better. He accomplished, John Hay tells him, more than any president since Lincoln - "and even he didn't acquire an empire for us, as you have done." Hay, as can be seen, is the *eminence grise* of Empire.

The political and geographical empire of which he is speaking is counterpointed by the empire of the Press, dominated by William Randolph Hearst. Hearst ("the Chief") strides through the novel like a colossus, unprepossessing but magnetic, amoral, irresistible to women. He is particularly influential on two of the main (in this case fictional) characters: Caroline Sanford and her half-brother, Blaise Delacroix Sanford. Caroline is the granddaughter of Charles Schermerhorn Schuyler, illegitimate son of Aaron Burr.

It is here that the obligatory romantic plot rears its head. Caroline and Blaise are at odds over their inheritance. Caroline takes the law into her own hands by selling four of the family's Poussins, two of which by right belong to Blaise. With the fortune thus realised she buys an ailing newspaper, the Washington Tribune. As proprietor she takes a leaf out of Hearst's book and sends the reporters rushing to the morgue for gruesome front page details. A Hearst employee and devotee, Blaise is incensed and must obviously be given his comeuppance if the heroine is to triumph.

Vidal weaves this farrago into the plausible depiction of real historical events with considerable adroitness. The only fly in the ointment is that exposition sometimes looms a little large, as if he could not bear to withhold all the fruit of his considerable research. Professor Vidal is going to set us to rights - but then, all the great American novelists have, in their hearts, been great teachers as well.

From start to finish there is considerable interest in the social scene, which Vidal knows and loves. Like Henry James's Portrait of a Lady, Empire opens in the sunny delightfulness of an English country house. The Master himself wafts in from nearby Lamb House on "an electrical-motor conveyance". Henry and Brooks Adams lurk in the drawing room; the hostess is the niece of General Sherman. But Vidal is at his wickedest when he is dealing with the antics of the Four Hundred, whether it be in New York, Newport or Washington. From time to time Mrs John Jacob Astor takes the stage in her queenly way.

At the end it is Hearst - appropriately because he is the outstanding man of power, and that's what the novel is about - who has the last word. Theodore Roosevelt tells him that "true history" will decide which of them was the more influential. "True history" says Hearst with a smile "is the final fiction. I thought even you knew that." It's all highly readable stuff, and although Lincoln was obviously a hard act to follow, the authentic Vidal note is as recognisable as ever.

A similar thrill of recognition occurs when one re-reads Myra Breckinridge and Myron, reissued at the same time as Empire, together with Vidal's latest collection of essays. "Whatever will the man say next?" is one's mildest reaction to these superbly written pieces. Whether he is baiting Norman ("Poddy") Podhoretz or writing - for the Penguin Classics edition of The Golden Bowl - the most illuminating introduction to the novel yet published, Vidal lays claim to being, in his own right, the Master of our time.

End to decline?

MRS THATCHER'S REVOLUTION:THE ENDING OF THE SOCIALIST ERA
by Peter Jenkins. Jonathan Cape. £12.95, 411 pages

THE KEY to this largely enjoyable, but at times mildly annoying, book lies in the twin-track nature of the title.

Peter Jenkins, once the political columnist of the Guardian and now of the Independent, never much believed in, and certainly did not approve of, the idea of the Thatcher Revolution, changed his mind somewhat after the Conservatives won their third general election victory in a row and has chosen to interpret events as "the ending of the socialist era".

Half the book is about the Labour Party. Another two chapters are devoted to the Alliance of Liberals and Social Democrats. The rest is a rather selective account of what Mrs Thatcher has done in her eight years of office so far, and what she has failed to do.

Its principal fault is the author's absurd snobbery about the Prime Minister. From her relatively humble, but self-improving background, he writes:

"She did not derive the intellectual curiosity, or any of the originality of mind, which the self-improving drive of the Workers' Education Association excited in so many Labour leaders of an earlier generation. Rather, or so it seems - it equipped her with a neat set of prjudices, like a twin-set and court shoes, with which to pursue her ambition into politics."

Such a comment reveals more about Jenkins's prejudices than Thatcher's, and there is a lot more like it.

That is not the whole of the book, however. Jenkins works from the thesis that for decades Britain had been suffering from "the politics of decline", which neither Tory nor Labour Governments had been able to reverse. It was the Labour Party that suffered most from the failure, even though as the Callaghan Government went out in 1979, it had been seeking to point in new directions: to a reduction in tax, to greater emphasis on law and order, and a national debate on education. Even monetarism and the attempt to exert stricter control over public expenditure began under the Labour Chancellor, Denis Healey.

Thatcher was the prime beneficiary, partly because of the revenues from North Sea oil and partly because the Labour Party refused to modernise, leaving some of its members to break away and form the Social Democrats. Once there were two oppositions, the Conservatives could go on winning large Parliamentary majorities with just over 40 per cent of the vote.

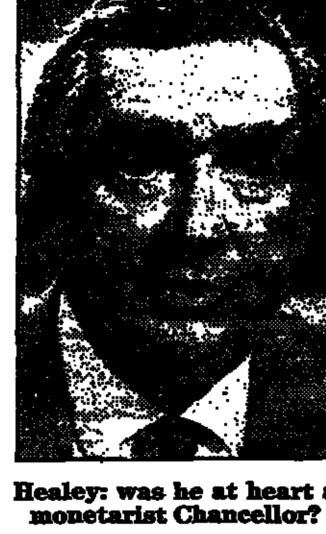
All that is true. Yet it is a grudging view of the last years that claims there was no more to it than that. Jenkins makes almost no mention of the Tories' preparation for government in the late 1970s. No opposition party since has produced papers of the quality of The Right Approach and the Right Approach to the Economy. He also declines to give the Government much credit for competence on issues which have little to do with left or right, such as the Rhodesia-Zimbabwe settlement or the Anglo-Irish agreement. The taming of trade union power, one of the biggest changes of all, is given less space than it might have been, although it had been clearly signalled in the 1979 manifesto.

Where Jenkins gives his prejudices away is in his claim at the end that Thatcher "had taught more people to want to own their own homes, to want to own a stake in things, to want a better a better chance for their children." *Taught* is hardly the right word. She recognised that that was what they wanted.

His more balanced conclusion stands: "Margaret Thatcher was the first anti-socialist to come to power in social democratic Europe...She was the first seriously to challenge the prevailing order with a view to reversing the course of post-war politics."

The gems of the book are the brief (all too brief) character sketches of Michael Foot, Tony Benn, Roy Jenkins, Nigel Lawson, Norman Tebbit and David Owen. Of Tebbit he writes: *The word "permissive" from his lips sounded like a sexually transmitted disease*, and of the young Benn:

There was something in him of Toad, who - you will remember - fell in love with the motor car in the wreckage of his Romany caravan, sitting by the roadside saying, "Poop, poop, Poop, poop".



Healey: was he at heart a monetarist Chancellor?

Malcolm Rutherford

Checkered life

GARRY KASPAROV:CHILD OF CHANGE
an autobiography co-authored with Donald Trelford. Hutchinson. £14.95, 256 pages

GARRY KASPAROV is, by any yardstick, a world chess champion with charisma. He has swarthily intense good looks, a flair for articulate controversy, and a rare ability to combine forays into Western society with a model role as a Soviet sportsman. His brilliant attacking play, domination of opponents at the board, and exceptional reflexes in blitz chess are a Russian echo of the legendary American Bobby Fischer.

In Kasparov's readable and entertaining autobiography Child of Change co-authored by Donald Trelford of the Observer, he sets out his stall as the lone Gorbachev disciple who defeated the Brezhnev apparatchiks of the Soviet chess establishment, led by his rival Anatoly Karpov and supported by the President of the International Chess Federation (FIDE), Florencio Campomanes. It is an attractive scenario for our times, but it is also rather simplistic.

Central to Kasparov's thesis is the "day of shame" when Campomanes abandoned the 1984-5 world title match just after the youthful hero had recovered from 1-5 down to 3-5. Karpov still needed only one win to complete the six required for the match. Kasparov's account of this episode repeats his earlier public statements and seems to have it both ways. In one paragraph he says "I wanted no part in any deals behind closed doors." In the next "the FIDE proposal to stop now and start afresh. . . wasn't so bad for me. . . to start play again at nil-nil was better than 5-3 against." It is a strange plot which, by its victim's own assessment, doubled his chances of victory. Kasparov sees more reds under the bed in the 1983 episode when the USSR Chess Federation pulled him out of his candidates semifinal against Korchnoi when the match was scheduled for Pasadena. To those who prefer mismanagement rather than plot views of history, there are other explanations, such as the Soviet sports authorities muscling in on chess to use Pasadena as a dummy run for their Olympics boycott a year later.

It is curious, too, how Kasparov's attacks pinpoint the high profile Karpov as their main target. Was the quiet, stamp-collecting Anatoly really "the czar of Russian chess"? Many grandmasters, both inside and outside the USSR, pinpointed the dominant men as Baturinsky, a former KGB official, described to me once as "the most hated chess player in the Soviet Union" and Krogius, his successor as secretary of the USSR federation.

Kasparov is articulate and confident, but paradoxically his book should give hope to potential challengers led by Britain's 22-year-old Nigel Short. For it shows that Garry is a champion in perpetual emotional overdrive. Even though Kasparov writes that he sees "only new peaks before me and no descent," that is not a good recipe for longevity. The most intense world champions, Alekhine, Tal and Fischer, have been vulnerable to premature burn-out, while it is the laid-back or emotionally controlled men like Lasker, Botvinnik and Smyslov who have been able to maintain near perfection far into their 50s and 60s.

Leonard Barden

Reviews with Christmas in mind

Charmer who endured

THERE IS a tide in the affairs of writers which continues to ebb and flow long after they are dead. Jean Cocteau's ebbed a lot when he expired in 1963. It went way out of sight. He was dismissed as a *flaneur*, a second-rate talent, a mere populariser of other men's artistic ideas. Then one or two massive American biographies embalmed him in their lifeless pages. It was all very expected in its crassness and very unjust.

Now the Cocteau tide is suddenly flowing back. The first big roller to break was Simon Callow's production of Cocteau's Oedipal play La Machine Infernale at the Lyric Hammersmith. It was not quite the hit that The Eagle Has Two Heads had been there 40 years earlier but Maggie Smith's performance was as much one to treasure as Eileen Herlie's.

In America Ned Rorem has led the counter-attack re-stating the point of Cocteau in his introduction to the recently published journals and in a quite different but equally lively introduction to **Jean Cocteau and his world** (Thames & Hudson, £25.00, 215 pages) by Arthur King Peters. This is the book Cocteau addicts have been waiting for. It deals with all the facets sanely and accurately but not at punishing length and many of the fine selction of photographs I had not seen before.

True, there was a bitchy side to Cocteau and it comes out in the Journal in his comments on Proust where professional jealousy distorted his judgement. A lovely present for a Francophil would be the latest edition in the Pleiade library of the first two parts of **A la recherche du temps perdu** edited by Jean-Yves Tadie (Gallimard, 320FF until 31/12).

Proust wrote many drafts for each section of the novel. This scholalrly volume prints them all for Swann and Les Jeunes Filles. You can observe the genesis of the work here as never before.

Proust is a prime exhibit in Mary Warnock's closely reasoned, compact book on **Memory** (Faber, £11.95, 160 pages), Wordsworth being her other main example among imaginative writers. Dame Mary is at some pains to make the point that the Proustian experience of suffusion by joy through memory is always non-visual, the taste of the madeleine, the feel underfoot of the uneven paving-stones, the sound of the little phrase. Surely though she is speaking here only about the one moment of sense-experience that triggers the entire memory continuum. This continuum itself, which a great artist like Proust is able to recover much more fully than the rest of us, *is* highly visual. If the initial trigger were visual too, life in the present would be unlivable: we would be smothered in joy the whole time.

But *if* Baroness Warnock's book is one to disagree with, it is one to read. She ventures intrepidly into that lethal region that separates literature from philosophy, where other dons fear to tread. Dame Mary is trying to establish badly needed lines of communication.

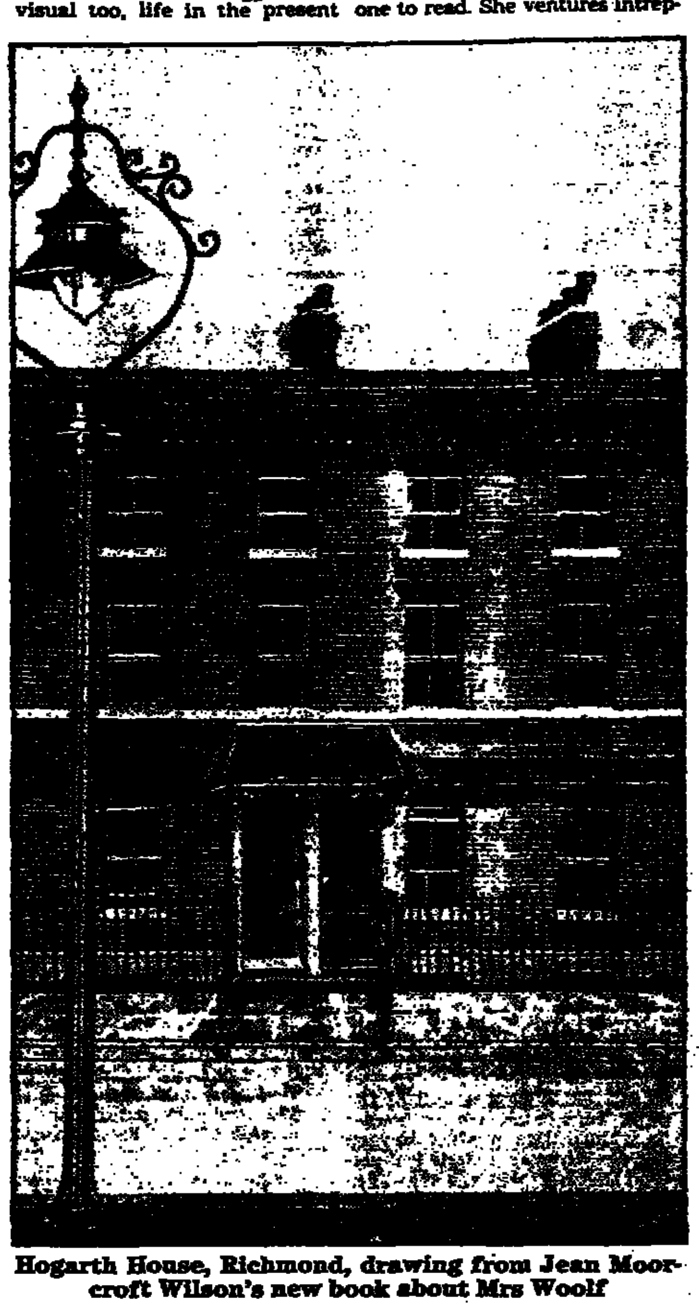
If Proust comes, can Henry James be far behind? Happily, no. Those who missed Leon Edel's wonderful but interminable *Life of the Master* because they baulked at five separate volumes may now catch up in his **Henry James: A Life** (Collins, £25.00, 740 pages) which puts Jamesall between one set of covers and draws on new material released since the 1970s.

What with this book and the Ellmann **Wilde**(Hamish Hamilton. £15.00, 624 pages) it has been a wonderful year for literary biography. Several figures who are in the direct line of descent between Wilde and Cocteau, the dandies of modern letters, are due for a reappraisal but their works are not always easy to come by. Max Beerbohm is a case in point. My old King Penguin bought during world war two of *The Poet's Corner* is now spineless but still much treasured. A welcome then for for the new Yale Univerity Press edition of **Rossetti and his Circle** (£12.95).

The problem of non-availability does not confront you if you wish to go back to the work of that other fastidious stylist of the period, Hector Hugh Munro. You can obtain all of his chilling tales in **The Complete Work of Saki** reissued by The Bodley Head at £16.00 which is good value for nearly 1000 pages of text including several full-length novels and plays.

Virginia Woolf was another writer obsessed by memory. Like Proust she preferred settings remembered from childhood or familiar through continual daily visiting. In her mature work she never ventured abroad. In **Virginia Woolf: A Biography of Place** (Cecil Woolf, £12.50, 265 pages) Jean Moorcroft Wilson takes the reader on a guided tour of the houses in which she lived and other buildings important in her life with the help of some pleasant illustrations.

Finally that contemporary memory man, Anthony Powell. No new novel from him this year; instead there is **The Album of Anthony Powell's Dance to the Music of Time** edited by Violet Powell, a handsome looking volume bound to start much argument around the Christmas coffee-table. Serendipitous energy has been expended in finding pictorial correlatives for episodes and characters in the novels.



Hogarth House, Richmond, drawing from Jean Moorcroft Wilson's new book about Mrs Woolf

Anthony Curtis

Phantom joy returns again

THERE HAS been a veritable avalanche of theatrical books and biographies in the latter weeks of this year, many of them suitable for Christmas stocking-fillers. Fishnet fodder, you might say, tinsel toe-trappings. I have three particular recommendations.

First, **The Complete Phantom of the Opera** by George Perry (Pavilion,£ 12.95) is a breathtaking production and next best thing to those unobtainable tickets.

Perry writes about the Phantom's home at the Paris Opera, the novel and its intriguing author, Gaston Leroux, and follows with blow-by-blow accounts of the film versions. The pictures are superb. They include backstage scenes, costume designs, and the two-hour make-up process endured by Michael Crawford.

Second, **Paul Daniels and the Story of Magic** by John Fisher(Jonathan Cape,£12.95) is an unexpected treat, a scholarly guide to the history of illusionism from the Middle Ages through Houdini to such television age experts as David Nixon and Daniels himself, and their more glamorous, glitzy American counterparts such as Doug Henning and David Copperfield.

Magic is a trade imbued with tradition and folklore leading practitioners are, by definition, historians. This is not necessarily true of, say, golfers (Ben Crenshaw the exception) or vaudevillians (Roy Hudd, ditto). It lends their art a special resonance, one very well caught in this well-produced book.

Third seasonal choice is **Ashcroft** by Robert Tanitch (Hutchinson,£ 16.95), a beautifully arranged picture record of Dame Peggy's glorious career studded with production details, critical quotes and specially sought testimony from such eloquently appreciative colleagues as Gielgud, Guinness, Pinter, Hall and Nunn.

I had the great joy of a morning in Dame Peggy's company this year. It is incredible to think of this beautiful, enchanting woman being 80 years old on December 22. So she is. Tanitch's birthday bouquet will be augmented in the New Year by Michael Billington's full-length biography.

The rest of the field contains strong also-rans. **The Great Theatres of London** Ronald Bergan (Admiral,£9.95) is the sort of book re-written each year, much indebted to the pioneer work of such theatre historians as Mander and Mitchenson and Victor Glasstone.

This one is stronger on history of performances than on architectural observation, but the photographs are outstanding. We are now in urgent need of a hardback pictorial update on the regional theatres, the new and the renovated.

Astaire by Tim Satchell (Hutchinson,£12.95) and **From Drags to Riches** by Danny La Rue (Viking, £10.95) are gripping tales of stardom and achievement, in very different spheres, the one well written, the other well told. Both artists were blessed with the friendship of Noel Coward whose witty saws and anecdotal barbs are collected by Richard Briers in a slight and pleasant bedside compendium **Coward and Company**(Robson,£8.95).

Which comedian creased a nation with lines like *I thought my mother was a bad cook, but at least her gravy used to move about?* Tony Hancock fans will need no special bidding to fork out for **Hancock's Half-Hour** eight classic radio scripts by Ray Galton and Alan Simpson, compiled by Cliff Bumstead(BBC, £8.95)

Radio Four is running repeats of the show over Christmas, which is why I am not leaving the country. Bumstead's tome is an admirable addition to the Hancock critical literature, not least for its learned glossary of such aromatic specimens of the East Cheam lingo as bonkers, cakehole,mockers and Stone me.

More Hancock in **Ramblings of an Actress** by Sheila Hancock(Hutchinson £12.95), a sprightly tale of revue stalwart turned classical cornerstone of the RSC and National. More chatty is **According to Dora** by Dora Bryan (Bodley Head,£10.95)and more exhausting is **Something to Fall Back On** by Maureen Lipman (Robson,£8.95), who seems determined to become the Joan Rivers of Muswell Hill.

These our actresses must quiver and quail at the career of Ellen Terry who has been celebrated in two fine biographies. **Ellen Terry** by Nina Auerbach (Dent,£17.50) is a definitive masterwork of research, while **Ellen and Edy** by Joy Melville (Pandora £14.9 or £6.95 paperback) is a more digestible skim through available information.

Michael Coveney

Miss Davis & Co.

CITY OF NETS
by Otto Friedrich. Headline. £14.95, 479 pages

THIS 'N THAT
by Bette Davis. Sidgwick and Jackson. £12.95, 207 pages

VANITY WILL GET YOU SOMEWHERE
by Joseph Cotten. Columbus. £10.95, 220 pages

SPIEGEL
by Andrew Sinclair. Weidenfeld & Nicolson. £12.95, 300 pages

TALKING PICTURES
by Barry Norman. BBC/ Hodder and Stoughton. £14.95, 336 pages)

THE 1940S can now be seen as the fulchrum decade of cinema history. In that era, poised half way between the birth of movies and the present day,the seesaw of film evolution finally tipped from monochrome asceticism to polychrome flamboyance. Otto Friedrich's fascinating City Of Nets, a history of 1940s cinema in the US, charts this change, but argues that there was a reverse evolution happening in the decade simultaneously. Despite the increasingly opulent movies, the period saw the first signs of critical decline in the industry: the crack-up of the studio system, the early hints of falling audiences, above all the war-born xenophobia whereby a community that had once welcomed every stranger or foreigner in sight, from Greta Garbo to Bertolt Brecht, was by the early 1950s busily ridding itself of every suspect or troublesome element from Charlie Chaplin to Ingrid Bergman.

If the theme sounds pessimistic, the book proves a delight: chiefly because under the overarching dome of his thesis Friedrich lets off firework anecdotes and pyrotechnic pieces of gossip. The history of R.Reagan, the story of Harry Cohn's electrified chair, the tragicomic travails of William Faulkner in Tinseltown - all Hollywood life is here.

Bette Davis's career ran virtually neck and neck with this larger, apocalyptic history. She rose to stardom in the 1930s, blazed gloriously for a decade or more, and then plummeted towards earth in the 1950s, being lucky not to burn up completely on re-entry.

Her late career - from snarling majesty in All About Eve to flailing grotesquerie in What Ever Happened To Baby Jane - is gone over in This 'n That. So are her feelings about illness, old age, feminism, failed marriages and ungrateful daughters. (Her youngest, BD, wrote a Mommie Dearest-style hatchet-book on life with Mum).

Even allowing for the misfortunes that have dogged Davis in recent years, including a mastectomy, a stroke and BD's memoir, this is a dismayingly all-over-the-place book. It is written like a berserk stream-of-consciousness by Davis and her ghost (Michael Herskowitz), so that whenever the recent past gets too grim or uneventful we can flash back, with bells ringing, to the star's heyday.

Far more cogent wry and self-aware, is Joseph Cotten's autobiography, Vanity Will Get You Somewhere. But then wryness was Cotten's forte. The crinkly-haired romantic lead, with a voice like well-mannered gravel, was even too modest ever to make a lunge for real stardom. He specialised in second-choice or second-billing roles, except when his bashful, umbrageous appeal suited a lead, as in The Third Man.

His book is written with grace and generosity. Even Bette Davis gets a verbal bouquet ("a marvellous cook....an exquisite, well-mannered hostess..."), and when malice comes, as in his portraits of Louella Parsons or Tallulah Bankhead, it is all the more effective for being politely concealed in a velvet glove.

Sam Spiegel seldom concealed anything in a velvet glove. Indeed there were times, you gather from Andrew Sinclair's new biography, when the only thing adorning Spiegel's fist was a set of iron knuckledusters. That the producer still inspired affection and/or respect in such as Katharine Hepburn (The African Queen), Marlon Brando (On The Waterfront) and director David Lean (The Bridge On The River Kwai and Lawrence Of Arabia) - says much for the good filmic causes he fought for and how well he fought.

Most of the above films began life as reject projects from other studios, and Spiegel helped pummel them into shape as populist masterpieces. Sinclair's tale is full of the sound and fury of movie deal-making, but it is a tale certainly not told by an idiot nor about one.

Lastly, all hail to Barry Norman's Talking Pictures. Good talking and good pictures in this coffee-table movie history, as TV's top film guru delves into the Hollywood story all the way from Jolson to Jaws.

Nigel Andrews

Next Week
My Book of the Year
Critics' Choices
Literary Competions

Roman Glass to blow the mind

GLASS OF the Caesars at the British Museum (until March 6) is one of those exhibitions that will permanently change our attitudes. Roman glass has been an underrated glory of the Roman Empire, but now we have in London the unique opportunity to see the Empire's very best surviving pieces *together in one place*.

Roman glass blends artistic sensititivty with extraordinary technical virtuosity, and the carved scenes have a classic permanence which is sharpened by the fragility of the material. Delicate and fine, it powerfully conveys the wealth of the Roman Empire that produced this Faberge-like work for half a millennium; this exhibition will ensure it is not forgotten again.

It brings together masterpieces from the *Corning Museum* of Glass, the Romisch-Germanisches Museum in Cologne, the British Museum, and some from Italy. For the first time we can see the Portland Vase next to the only comparable surviving cameo vase, *the Blue Vase* from Pompeii.

The Portland Vase is the star of the show. It was made in the years when Augustus was consolidating the rule of the Emperors, and it is likely he knew the Vase himself or it was made for his family; its powerful sense of order and noble responsibility suits his ideology well. It is the earliest masterpiece of blown glass - glass blowing had been invented only during the lifetime of Julius Caesar. The Vase was made by putting a gob of blue glass inside a hollow casting of white glass; both were then blown together and afterwards the white was cut to make the designs, which are in relief like the cameo designs of semi precious gemstones.

Deciding who the figures are on the Vase has kept scholars and artists busy since 1600. Rubens hoped to publish it, Wedgwood copied it, Sir William Hamilton bought it and sold it to the *third Duke of Portland*, who entrusted it to the British Museum in 1810 after it had been damaged by the Duchess of Gordon at his house; his family tried to sell it between the wars at Christie's, where it did not reach the reserve.

Compared with the Portland Vase, the Blue Vase has a bustling fussiness. It's shape is of a wine amphora, and its cameo scenes are of the grape harvest and the pleasures of wine and song. That was not so appropriate for the Imperial household. Two cameo inlays of Ariadne and Dionysus would not have suited either; also from Pompeii, they have a simple vigour: she swoons on Naxos as he appears, *the God of Mystery*, Vitality and the Grape.

Cameo work was a luxury. So were the cage cups, which are the greatest delight of the whole exhibition and must have been the most expensive glass of antiquity. They are *mostly plain* glass beakers inside open frames, or cages of glass of different colours. A cup from Cologne has a red, yellow and green cage, and in red is the message in Greek to drink and to live well; the Trivulzio Cup, from near Novara, has the same thought, in Latin, in blue. The cages are so delicate that they look like the spun sugar of the finest pastry basket. But they were not made by moulding or squeezing, but by cutting: many cups must have *been broken in manufacture*.

The greatest cage cup is the British Museum's Lycurgus Cup, which shows the legendary Thracian King who fought and was defeated by no other God than Dionysus. This seems to *show* the triumph of Good over Evil, and may symbolise Constantine's great victory over Licinius in 324. The cup is an opaque green which becomes violet in transmitted light: you will see this if you bend down to look at Lycurgus.

Also of the fourth century and explicitly Christian is gold glass, where gold leaf is sandwiched between two layers of glass. The finest piece from Cologne has medallions, including Adam and Eve, and rosettes floating on a sea of blue. Cologne was one of the major glass centres of the Empire: the others were the coast of Syria and Lebanon, the Northern Adriatic and the Naples area. Between Syria and Germany there were close links in glass making - impossible today but feasible to the Romans.

Sea creatures in relief mark yet more fourth century delicacies. Fish swimming on the outside of *a clear beaker from* Cologne have their mouths and tails and fins picked out in green. The "claw beaker" from Muching in Essex is green throughout with relief lobster claws down the sides.

The exhibition is rounded off by plainer bowls, dishes and jugs which provide the every-day counterpoint to the luxuries. A head flask with big nose and twisted eyes and lips is a forerunner of Toby Jugs; and a broken horse's leg is important as it shows that glass craftsmen could tackle large statues.

Inventinveness, delicacy and expense are the marks of Roman glass. This exhibition is superbly lit and displayed, so that the masterpieces shine like the jewels they are. Sponsored by Olivetti, it has been in Corning and will go on to Cologne, and finally to the Campidoglio in Rome. That hill, with its pimple of Capitoline Jupiter, was the heart of the Empire.

Gerald Cadogan

The Portland Vase

Antony Thorncroft reports on London's orchestras

Provocative proposals

AFTER YEARS of talk and speculation the Arts Council came up this week with proposals which could transform the London musical scene. Its working party, under the chairmanship of Mr Robert Ponsonby, ex-head of music at Radio Three, into the funding of the four London orchestras blinked at making radical recommendations, but produced ideas that will certainly set numerous cats among pigeons.

The aim is obvious and admirable: the four orchestras, the LSO, the RPO, the LPO and the Philharmonia, will receive the same collective amount of money, (almost £1.8m this season), but it will be concentrated on fewer concerts. The result should be better rehearsed, more imaginative programmes. Basically each orchestra will receive around £13,000 for each of thirty concerts to be played on the South Bank, with the LSO getting the same sum per concert for forty Barbican performances. This represents a drop all round of some fifty concerts in a season.

The new funding policy comes *into force for the 1989-90 season*, which ensures plenty of time for haggling. Much of it will be with the South Bank and the Barbican. The LSO, the resident orchestra at the Barbican, is receiving £438,000 from the Arts Council this season but is down to play 105 concerts. To make this feasible the City Corporation chips in. Continued City help is essential if the Arts Council's plans are to work.

It is the same on the South Bank, where the LPO, for example, is appearing over forty times this season. The Arts Council is linking its higher subsidy per concert to more rehearsals, preferably in situ. For the South Bank this would involve "dark nights" in the Festival Hall, a negative which would sometimes be surmounted by the orchestras playing repeats of the better rehearsed concerts. However Mr Nicholas Snowman, musical supremo on the South Bank, who shares the Council's aims will have to be persuaded to forgo the revenue that might be sacrificed.

He also has his own ambitions for London's musical scene. He wants "themes," linked series of concerts and concerts linked with National Theatre plays and National Film Theatre movies. He also wants more imaginative programming, which he can encourage by helping with promotional costs and charging less rental for the Festival Hall if orchestras put on enterprising concerts for discriminating, but smaller, audiences. The Arts Council and The South Bank may agree on wanting fewer, better, concerts in London, but which is going to pick up the extra cost and gain the prestige?

There is also the problem of whether the orchestras are prepared to give up concerts. They are only dependent on the Arts Council for around 14 per cent of their revenue. They might persist in playing popular works which, with their high box office returns and few rehearsal needs, can be profitable. But will this earn them black marks from the Council and perhaps a reduction in the number of their subsidised concerts for the next season, after the working of the scheme has been evaluated?

Much still has to be worked out. On the surface there seems little difference in the actual subsidising of the orchestras; they will still receive a sum of money which will disappear into their general funds. There will be no specially promoted Arts Council concerts. The orchestras are fearful that this is a step towards cutting Council expenditiure in this sector, by reducing its involvement. It is well known that the Council would prefer to put its cash behind one, or perhaps two, "super" orchestras, and with the London Four so reluctant to shrink it has fastened on the City of Birminghham, under Simon Rattle, for special treatment.

Because the four orchestras are successful at generating revenue they are to some extent outside the Arts Council's control. By its new proposals the Council is acknowledging the fact and simplifying its aid. What is important in this week's *proposals* is what was not recommended - there is nothing here which suggests a world class resident orchestra for the South Bank, for example. In practice the horse trading has only just begun.

The orchestras *are also* concerned that there is nothing in the plans about "incentive funding," the new buzz words. The Council will have £6m to invest in 1989-90 on such funding, which is earmarked for arts groups *that succeed in boosting* their revenues by their own efforts. The orchestras, which are good at raising support from sponsors, think they deserve a substantial slice of any additional money on offer.

French chanson

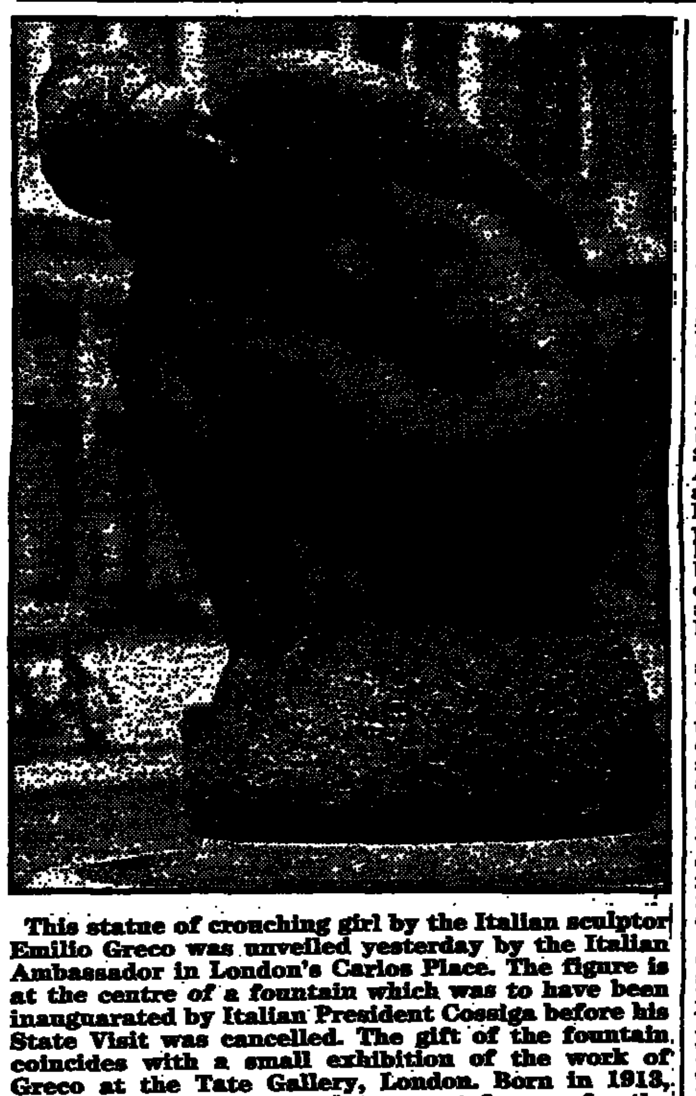
THOUGH IT may cultivate a more modest public profile than its contemporary counterpart, the Early Music Network continues to resist the Arts Council's current obsession with devolving to the regions everything but the kitchen sink, and regularly manages to put together enterprising and thoughtful programmes to tour the regions. The Network's London port of call is the Wigmore Hall, and Thursday's visitors there under its auspices were the distinguished French-based Ensemble Clement Janequin.

EMN programmes invariably have an historical and musical coherence that in such varied and wide-ranging territory as the pre-baroque provides valuable points of reference. So the Janequin Ensemble's programme concentrated (as its name might suggest) on the 16th-century French chanson, and on the lyrics of its eponymous composer in particular. What might have seemed potentially a dry, musicologically earnest evening, proved to be anything but that. The group's platform manner, the four singers and lutenist clad in vivid, multicloured shirts and grouped around a table just as historical research suggests the chansons were originally performed, is refreshingly relaxed, and their singing is extrovert and exuberant.

The quartet of male voices is dominated by the counter-tenor of Dominique Visse. To anyone familiar only with the English brand of that voice, highly refined and soft-grained, Visse's bracing astringency will be a revelation. His bravura vividness gives the Ensemble's accounts their most obvious surface life, but his colleagues proved their own pungency in the programmatic chansons strewn through the evening, especially Janequin's *Le chant des Oyseaulx*, *La chasse* and *La Bataille*, in which the onomatopoeic effects were superbly and virtuosically realised.

Those, though, were essentially the lollipops in a programme that offered a thorough and exquisitely rendered survey of the genre. Just as much care was lavished upon Janequin's more consciously poetic lyrics - the rapt *L'amour, la mort et la vie* and *Quelqu'un me disoit l'aultre jour* - and on songs by Costeley, Gentian, Sermisy, Bertrand and Morlaye. Each group was broken with a solo lute interlude, and Claude Deboves' discreet accompaniments also underpinned a number of the songs. Altogether a delectable recital.

Andrew Clements



This statue of crouching girl by the Italian sculptor Emilio Greco was unveiled yesterday by the Italian Ambassador in London's Carlos Place. The figure is at the centre *of a fountain* which was to have been inaugurated by Italian President Cossiga before his State Visit was cancelled. The gift of the fountain coincides with a small exhibition of the work of Greco at the Tate Gallery, London. Born in 1913, Greco is a figurative sculptor most famous for the *remarkable bronze doors of Orvieto Cathedral.*

Zola's Nana

IN THE programme note to her adaptation of Zola's *Nana* Olwen Wymark draws an interesting comparison between the gluttonously materialistic Second Empire and our own time. The analogy falls down in one crucial respect: Napoleon III's France had style, and at least paid lip-service to such civilised embellishments of materialism as culture.

Mrs Wymark's neglect of this sense of style sums up the besetting weakness of the production brought by the touring company Shared Experience to the Almeida Theatre in Islington. An attempt to mount a whirling kaleidoscope, an impressionistic phantasmagoria, a sort of Harlot's Progress told as *La Ronde*, becomes a mere jumble, both characterisation and moral issues as smudged and shallow as in a bad comic strip.

Kenny Miller's design gives us a stage ambience from both spectators' and performers' points of view. Scenic flats viewed from the back, three pillars, a piano, candelabra and a row of chairs suggest the theatre - or brothel, as the manager puts it - where everyone is talking about the new sensation, Nana, glorious or untalented, depending on the latest gossip, but apparently perfect for the role of Venus in the mock-Offenbach operetta for extra-artistic reasons.

She appears as a big girl with a diaphanous gown and a leer; the atrocious singing voice which Belinda Davison *adopts is well* within the tradition of such thespian *grandes horizontales* as Hortense Schneider. This emblematic portrayal is in keeping with the rest of the prancing, stylised production, where an *infatuated teenager is invariably* depicted without trousers, a prince wears tails and a vest and the round dance of the *demi-monde* is usually performed by caperers in underwear or *deshabille*. (The men, particularly, are embarrassing when getting over their twentieth century idea of thrusting sexiness.)

The impression is of archetypes, symbols and cartoons rather than individuals, not helped by the Dora Bryan-as-cockney-tart accents of Nana's actress friends or the recourse to having Nana occasionally played by other members of the cast for no very good reason. With characters as two-dimensional as this the story soon becomes boringly repetitious as the repellent heroine bankrupts one lover after the other with her insatiable demands. Her tendency to humiliate her besotted admirers is hammered into the ground. Jane Gibson and Sue Lefton, joint directors, remind us of Wedekind's Lulu transformed into a monster,as Nana possessively dominates her trouserless schoolboy and her lesbian lover.

A graphically-depicted bout of shoe-fetishism is followed by a sapphic snog; but it all adds up to earnest *vieux chapeau*. There is something old-fashioned about the energetic miming and leaping, the assumption of many parts by each actor which blurs and confuses the story-line even further. Shared Experience was once a company devoted to clear narrative; this stale, arty gallimaufry *marks a sad departure*. The ultimate miscalculation is Anthony Ingle's Offenbach pastiche which, as with the lifeless characters, leaves one longing for the real thing.

Martin Hoyle

Alastair Muir

Belinda Davison

Radio

Greene fortnight

THE BBC is celebrating a two-week Graham Greene Anthology; but before I get there, I must pay my tribute to two outstanding programmes.

The first is to *Chikamatsu* (Radio 3, Sunday). This was a drama-documentary by Ian Burton on the Japanese playwright Monzaemon Chikamatsu, who wrote Bunraku plays for Gidayu Takemoto, the great *joruri* reciter; the play takes a look at him in the year 1715, when he was 62, Gidayu had died, and had to be replaced. It is no more than a short colour piece, but it contains impressions of two of the company's plays, "Kokusenya Kassen," a famous historical play set in China at the time of the fall of the Ming dynasty, and "Sonezaki Shinju," based on a true story of a double suicide. John Moffatt played Chikamatsu and Anton Lesser the new *joruri*, Masadayu, and there was music on the shakuhachi flute. I thought it beautiful, and one needn't know a lot about Bunraku. Piers Plowright directed.

And then to Peter Barkworth's monologue on Siegfried Sassoon, which he has been *giving* in the theatre (Radio 4, Monday). This covers the period from Sassoon's childhood in Kent to the end of his wartime experiences. Mr Barkworth spoke it as if to friends at the fireside, the verses running *as* though *they* were part of the narrative until he came to "Everyone sang." This was made to ring with the poet's own delight. I have seldom enjoyed a programme more.

The Graham Greene Anthology on Radio 4 includes work in several varieties, prefaced by a commentary on the Greene opus that called in such eminent names that it was promoted to Radio 3. On Saturday, Radio 4 gave a version of the 1939 novel *The Confidential Agent* dramatised by James Saunders - fair enough as a Saturday play, but not really high in the scale of either writer. This is the one about mid-European Droeschke, who comes to England to buy coal for his revolt-torn country and has an affair with Rose, daughter of a coal magnate. Entertainment, yes; art, only just.

But Sunday afternoon brought the start of a three-part *Our Man in Havana*, adapted by Gregory Evans *and directed* by Brian Miller. Here, with more leisure and an origin in film-script rather than novel, characters and story are altogether more convincing. Jack Watling was a good vacuum-cleaner salesman *Wormold*, *George Pravda* a *sad* set-up spy Hasselbacher.

Beginning last Monday evening, the "Book at Bedtime" is *The End of the Affair*, about faith and faithlessness around Clapham Common, read by Julian Glover and Kika Markham. This is a first-person story, admirable material for such as go to bed at 10.15 pm, and I shall hear as much of it as I can, though it conflicts with the ITN news. Why can't people go to bed at 10.30?

Wednesday brought a sharp change, in the shape of *The Great Jowett*, a comic feature in dramatic form about Benjamin Jowett. Greene wrote this for radio in 1939, when it was directed by Stephen Potter. This week's production was a repeat of a 1980 production directed by Brian Wright, and has Alan Bennett as Jowett. It begins with a guide showing visitors round Balliol. Jowett is hoping to be elected Master of the College ("There's only me"), but the College thinks otherwise and elects Professor Scott ("half a lexicon"). It does not appoint Jowett as Professor of Moral Theology either; apart from anything else, there is alleged blasphemy in his forthcoming work on St Paul. But at least he can be Professor of Greek, and shun his colleagues by choosing his company only at tutorials, one of his students being Swinburne, perpetually drunk. Yet 16 years later he is indeed elected Master, and numbers to his credit such things as the foundation of the Indian Institute (to the annoyance of neighbouring Trinity) and of OUDS. It is all very light in tone, in the manner Greene has used seldom save in his short stories, *The Return of A.J.Raffles* and *For Whom the Bell Chimes*.

Next week, we have *The Third Man* on Saturday, *The Potting Shed* on Monday (an original dramatic work at last), and a dramatised story, *Cheap in August*, on Wednesday. Evelyn Waugh never had it so good.

B.A.Young

Chess No. 697

1 N-R3 (threat 2 N-B4). If QxP;2 Q-QR8, or if PxP; 2 Q-Q1, or if BxP; 2 Q-KR1. Traps are 1 N-QB6? QxP or 1 B-Q4? PxP or 1 N-B3? BxP or 1 B-N3? P-B5.

Records

Sung with distinction

Elgar: The Dream of Gerontius. Baker, Mitchinson, Shirley-Quirk, City of Birmingham Symphony and Chorus/Rattle. EMI CDS 749549-2 (two CDs)

Bach: Christmas Oratorio. Donath, Lipovsek, Schreier, Buechner, Holl, Leipzig Radio Choir, Dresden Staatskapelle/Schreier. Philips 420 204-2 (three CDs)

Bach: Christmas Oratorio. Rolfe Johnson, Argenta, von Otter, Blochwitz, Baer, Monteverdi Choir, English Baroque Soloists/Gardiner. Archiv 423 232-2 (two CDs)

Mozart: Requiem K.626, Kyrie in D minor K.341. Bonney, von Otter, Blochwitz, White, Monteverdi Choir, English Baroque Soloists/Gardiner. Philips 420 197-2

ALMOST WITHOUT exception, versions of *The Dream of Gerontius* on record have something distinctive to recommend them. The historical legacy - two versions conducted by Sargent, the *earlier with* Heddle Nash *singing* Gerontius, Barbirolli's with Lewis and the young Janet Baker - set a standard which more recent accounts by Britten and Boult in particular convincingly reached. Boult's performance, with *Nicolai* Gedda a surprisingly successful tenor, was transferred to CD last year, and is the obvious challenger to Simon Rattle's new, spaciously recorded version.

Distinguishing between them leaves no clear-cut recommendation. Both offer comprehensively satisfying accounts with differing though significant shortcomings. The problem with Rattle's performance is his choice of tenor. It is a hard *role to cast* convincingly, for it seems to presuppose a curiously English hybrid of *Heldentenor* - the *Parsifal* legacy - and oratorio singer, someone capable of combining heroic declamation and liturgical devotion without a trace of sanctimony. Only Richard Lewis in my experience has brought it off with total success. John Mitchinson has the ringing, well-focussed delivery, but lacks an intimate dimension: he is fine at "Sanctus fortis," less secure at "Take me away," stiff and compressed in the crucial dialogues with the Angel in Part 2.

Yet more than adequate compensation is offered by the two known quantities - John Shirley-Quirk's Priest and Angel of *the Agony*, not as dark-toned as might be but alive to every nuance and harmonic colouring, and Janet Baker's Angel. Of course direct comparison with her earlier recording reveals some vocal wear (though she *invariably takes the more* demanding vocal alternative when Elgar offers a choice) and one moment of faulty intonation ought to have been retaken, but the way in which she deploys all her resources of colour and inflection is utterly compelling. Her first utterances are absolutely rapt, without vibrato, and rivetting; each subsequent set-piece is presented with perfect economy of expression - there is *no superfluous sentiment* and no lack of warmth.

Rattle's contribution too is full of marvellous things. There are occasions when he lingers fractionally too long in reflective passages, but the vividness of the orchestral playing, the brightly-lit detail and the sheer elan of the choral singing cannot be faulted. For once the Demons' Chorus is not at all embarrassingly melodramatic; the rhythmic drive and jagged *sforzandi* so characteristic of this conductor provide genuine dramatic bite. The few lapses are at those points where the work itself betrays longueurs; all of Rattle's urgency cannot keep the dramatic thread taut through those.

Had Peter Schreier's account of the *Christmas Oratorio* appeared at any other time, it would have been welcomed almost without reservation. It has the same exceptionally sensitive direction as his earlier recordings of choral music, and *in this case he also sings the* role of the Evangelist. The performing practices carry no self-conscious aspirations to "authenticity;" the playing of the Dresden orchestra and the singing of the Leipzig chorus are direct and uncomplicated.

While the line-up of singers is a distinguished one, with the contralto Marjana Lipovsek particularly outstanding, it is Schreier's vocal contribution that naturally takes pride of place. It is a marvellously schooled, effortlessly weighted account, phrased immaculately with an acute sensitivity to the sense of the text. If for no other reason, the set should be heard for him.

It is only alongside John Eliot Gardiner's urgent, exemplary *performance that Schreier's* begins to seem a little pale. With consistently faster tempi Gardiner fits the work neatly on to two CDs; Schreier takes three. Speed is not everything, but the light-fingered attack which Gardiner *fosters* in his singers and players gives the music a constant, subtly variegated buoyancy.

His Evangelist is Anthony Rolfe Johnson, who lacks much of Schreier's gravitas yet is more personal and involved, if marginally less eloquent. Gardiner's regular stable of soloists furnishes the other roles, voices chosen *for* their flexible expressive and attention to detail. The result is a highly coherent matching of voice and instruments; the correlation of sound worlds is exact and totally convincing, as it is in his Mozart Requiem with which it shares two soloists, Anne Sofie von Otter and Hans Peter Blochwitz.

Here Gardiner opts to retain Sussmayr's completions; and so presents the Requiem everyone knows rather than adopting the Maunder edition (which expunges everything un-Mozartean) used by Hogwood on his *authentic account. Again it is* lithe transparency which characterises the account, textures in which bass instruments can make eloquent expressive points without undue emphasis, and consistently swift tempi that never seem too fast yet which strip every vestige of sugary reverence from the music. Fine though it is, the addition of the D minor Kyrie to the disc is neither here nor there; few available versions of the Requiem come close to this for all-round excellence.

Andrew Clements

WEEKEND FT

• SPORT •

Golf/Ben Wright

The embarrassment of riches

NEVER in my wildest dreams did I imagine how difficult it could be to vote for a worthy winner of the coveted Golf Writers' Trophy, so brilliant have been the achievements of British and European golfers in 1987. Since Max Faulkner first won our trophy after winning the Open Championship in 1951, there have been several years when the winner was obvious and several more when one had to choose who one imagined to be the best of a bad lot.

Although it is plainly stated in the rules for the trophy that "it shall be awarded each year to the individual man or woman, born and resident in Europe, who, in the opinion of a majority of the members (of the Association of Golf Writers) shall have done most for European golf during the preceding twelve months," this rule was first ignored in 1955, hardly a vintage year, when the trophy was awarded to the Ladies' Golf Union touring team.

My memory defies any forlorn attempt to name any of that team's members or where they toured, and what they might have won while touring. Since then, the trophy has been awarded to five more teams, most recently the Ryder Cup-winning side captained by Tony Jacklin after they triumphed at the Belfry in 1985, and the Curtis Cup team captained by Diane Bailey, who brought back that trophy against all the odds from Prairie Dunes, Hutchinson, Kansas, in 1986.

It would, therefore, seem natural to suggest that the Golf Writers' Trophy should once again go to Tony Jacklin and the Ryder Cup team who so thrillingly retained the elegant gold cup at Muirfield Village Golf Club, Dublin, Ohio, in September. I imagine that will be the consensus of my colleagues when the winner is announced next Thursday and it would be difficult to argue with such a verdict.

But in my opinion the trophy should either be awarded always to a team or always to an individual. Thus, although the Ryder and Curtis Cup teams can justifiably be considered worthy winners, the trophy should have been awarded to Jacklin and Bailey in 1985 and 1986, and to Jacklin this year, just as it had been to the late Dai Rees, who inspired his Ryder Cup team to our first post-war victory at Lindrick in 1957.

It worries me that if the Ryder Cup team is awarded the trophy this year, the herculean efforts of several individuals in 1987 will be cruelly discarded. And by downplaying the efforts of these individuals, the original concept of the trophy will have been completely lost.

On the short list drawn up by the committee of the Association of Golf Writers, for instance, the Ryder Cup team and Tony Jacklin come first, followed by Open champion, Nick Faldo, who became, in the committee's words, "only the seventh European to win the event since the (Second World) War." Next comes the diminutive but exciting Welshman, Ian Woosnam, who, apart from setting a new European money-winning record, largely by virtue of winning five times and only twice finishing out of the top twenty, became the first Briton to win the World Matchplay Championship.

In fourth place on the committee's shortlist comes the remarkable 23-year-old Laura Davies from West Byfleet who, as the defending British Open champion, defeated the legendary JoAnne Carner, and Japan's best, Ayako Okamoto in an 18-hole play-off, not to speak of the cream of American women's professional golf in the US Open at Plainfield, New Jersey, automatically to earn her American playing privileges. Davies became only the fourth foreigner to win the event, following a Ms Crocker of Uruguay (1955), France's great amateur Catherine Lacoste (1967), and American-domiciled Australian Jan Stephenson in 1983.

Last on the list came Scotland's Sandy Lyle, who way back in March won the prestigious Tournament Players' Championship at Sawgrass, Florida, arguably the most difficult event to win in the whole world of golf.

It is an indication of the present embarrassment of European golfing riches that another Scot, Harpenden's Ken Brown, who won the Southern Open in Columbus, Georgia, a week after representing Europe in the Ryder Cup match, his first victory on American soil, did not even rate an honourable mention from the committee. The fact that Brown won by seven shots from US Masters champion Larry Mize, who lives across the street from the venue of the event, Green Island Country Club, to climax his best-ever American season in 42nd place on the money list with winnings of $234,367 in 19 starts will thus go unnoticed. Yet, it might have won Brown our trophy in less than a vintage year. There are unlikely to be any sub-standard seasons for European golf in the near future, however.

By contrast, America's bloated golfing plutocrats largely had little but lucre to look back on with satisfaction in 1987. Curtis Strange won the record money total of $925,941 but few friends for once again by-passing the Open championship while at the height of his powers.

Paul Azinger won the PGA "Player of the Year" title by passing Strange in the points table in the final event of the year. But he will forever be remembered as the man who threw away the Open at his first attempt. Dan Pohl won the Vardon Trophy for the best stroke average recorded by a member of the PGA of America. But he won no tournaments.

South African David Frost (70.09), who was also winless, and Azinger (70.21) had lower and better averages than Pohl's (70.25), but neither is a PGA member, an omission which also kept Azinger out of a sadly depleted American Ryder Cup team, once again bedevilled by such ridiculous restraints.

Perhaps the saddest indictment of the all-exempt American tour, however, are the rewards reaped by the mediocre. Of 96 players who topped six figures for the season, only 36 won a tournament. Of 37 who made more than $250,000, only 23 won. And of 14 who made more than $500,000, three, Greg Norman, Chip Beck, and Frost, failed to record a single victory. Fortune no longer favours the brave, but protects the consistent, as was adequately proved in the Ryder Cup match.

And, although on the positive side Tom Watson finally ended his three years of misery without a victory by winning the absurdly lucrative Nabisco Championship as a climax to the season, only time will tell if his comeback is complete. Watson's first prize of $360,000 in a 30-man field more than doubled his previous earnings for the entire year.

At the other end of the spectrum, Jack Nicklaus, who had captained his country's first Ryder Cup team to lose on American soil, finished 127th on the money list, with earnings of less than $65,000, failing to reach six figures for only the second time since 1962. The balance of world power has indeed tipped completely in favour of Europe in what may well be regarded in the fullness of time as that continent's vintage golfing year of the century.

Nick Faldo - second in the shortlist for the golf writers' award for 1987

Football/Brian Bollen

As the FA auctions its soul to the highest bidding brewer, soccer can take heart from the clubs that rose from the dead

Teams born again

IF HISTORY is anything to go by, fans of troubled Peterborough United can ignore the club's current parlous financial position and start laying down the champagne. Peterborough, now in administration with debts of around £440,000 and being run by accountants Spicer & Pegler, is just the latest in a long line of Football League clubs to cry for financial help.

But many former basket cases are now on the road back to economic health, and possibly even glory. The current leaders of division two, Bradford City and Middlesbrough, have both been through the mill in recent years. Bradford are rising phoenix-like from the ashes of the tragic fire at their Valley Parade ground in May 1985. Middlesbrough had to borrow from the Professional Footballers Association to pay the players' wages, and later went into full liquidation.

Among the most famous revivants are Wolverhampton Wanderers and Sunderland. Wolves, currently top of division four and pulling in crowds some first division clubs would envy, have the unique distinction of being the only club to date to go into receivership twice. The original company went into liquidation in July 1982, and re-emerged as Wolverhampton Wanderers 1982 Ltd, rescued by a consortium of businessmen headed by Derek Dougan, the popular former player. Dougan took Wolves back from the second division to the first, but the rally was short-lived and the patient suffered a near terminal relapse. Wolves '82 foundered and went into liquidation in May 1986.

The club's problems stemmed from poor decisions made in the late 1970s when a number of key players grew old together. They should have been replaced, but the directors decided instead to build a new stand, meaning the side was just not good enough to stay in Division 1.

Wolves were among the pioneers of European football, the high point being a final appearance in the 1971 UEFA Cup, where they lost to Tottenham Hotspur. Domestic honours include four FA Cup wins out of eight final appearances, and two League Cup wins.

The club's three League championships all came in the 1950s, when they were also twice runner-up. Along with Manchester United, Wolves were arguably the top British club of the decade. They supplied several England half backs: Bill Slater, Ron Flowers and Eddie Clamp - not to mention Billy Wright, who played for his country a then record 105 times, including 70 successive appearances.

With the glory days well in the past, the club became the first to plunge from division one to division four in successive seasons, and hit rock-bottom when being knocked out of the FA Cup in the first round, by non-league Chorley. At one point there was even talk of Wolves swapping their league place with Enfield of the Gola league.

"The worst moments were when we were having to fight off the bailiffs," recalls club secretary Keith Pearson. "They were appearing at the door with writs for this and writs for that. The liquidator came in and dismissed the entire staff, although several were taken on again by the new company."

Under current manager Graham Turner, another former player, Wolves recovered and almost won promotion at the first attempt, finishing fourth. Normally, this would have meant autmatic promotion, but 1986/87 was the year play-offs were introduced. Wolves lost out to Aldershot, who had finished the season nine points behind them.

Ownership of the club is still a bit of a grey area, says Pearson. The ground is owned by Wolverhampton Council and leased to the club. Like any council-owned pitch, it is available for general hire, at £120 a time. Effective control is wielded by Dick Homden, (ex-director of Walsall and ex-vice chairman of Birmingham City), and Jack Harris, (ex-director of Walsall). These men have guaranteed the Football League they will at some stage pay in full the near £2m debt Wolves '86 still owes to creditors, including the secretive Bhatti brothers who owned the club during its darkest days.

The new company is doing well, financially and on the field. Crowds are improving, with some 10,002 turning up for a recent home league match against Burnley. No fewer than 10,541 paid to see a 5-1 victory last Saturday over non-league Cheltenham, a match in which Steve Bull strengthened his position as England's top scorer by netting a hat-trick.

Expansion is under way again, and the club's annual wage bill is back to old levels at around £350,000. The club has 23 professionals and 11 YTS trainees on its books, almost like the good old days. "It's far too big a squad for a fourth division team," says Pearson.

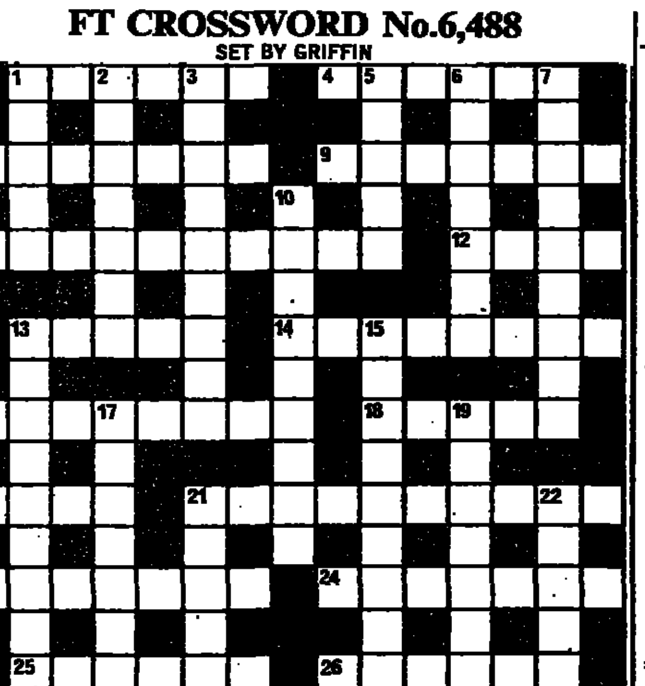
Sunderland too have pulled out of a spectacular nose dive. Relegation to the third division for the first time was almost inevitable after a series of savage internal battles during the last months of manager Lawrie McMenemy's reign.

Attention focussed on McMenemy's reported six figure salary and lavish perks, in an area devastated by unemployment - though his remuneration only became a bone of contention when he failed to work the miracle the fans demanded. Few people criticised another highly-paid soccer mercenary, Kevin Keegan, for plundering the north east. Rather, Keegan became a folk hero for helping Newcastle back to the first division.

Under the new (and presumably much less expensive) management of Denis Smith, Sunderland look much healthier and went to the top of the division recently by beating Smith's previous employers York City. The crowd of 19,314 was the fourth highest in the league that day.

FT CROSSWORD No.6,488

SET BY GRIFFIN



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

1 & 4 One must be mad to be so restrained! (6,6)
8 City limits iron and wood (7)
9 Describes Peter unusually nastily? (7)
11 Could make mum ill nine thousand years! (10)
12 Language of friend reversing before parking (4)
13 Type of pen the Parisian is after (5)
14 Sweet father embraces Spike on the way back (4,4)
16 Keen drunk swallows wine and aircraft fuel! (8)
18 Mister East stuffed it in a joint (5)
20 Back goes its ringleader to prison (4)
21 American girls promise weapon (10)
23 Run round pole with holidaymaker (7)
24 Plastic ball I played with during gymnastics (7)
25 Permit admitting pub singer (6)
26 Bighead remaining after fight (6)

DOWN

1 Writing things in dusty libraries (5)
2 Gathering round old city in rustic fashion (7)
3 After entering Erin, terribly hypocritical (9)
5 Frighten a trainee member (5)
6 Aroused and passed cordial first (7)
7 Call for help on collapsing during tea, say (9)
10 Frank put on weight, the fool! (9)
13 Doubtful of church in newfangled plastic (9)
15 A beast, yet I'm all Dora needs (9)
17 One of eight aromas ordered on June 3rd (7)
19 Walk beside the canal (7)
21 Bottle-opener always returned with note (5)
22 It's made to measure (5)

Solution to Puzzle No.6,487

S	C	R	A	T	C	H		W	O	O	D	S	A	W
A		E		U		I		O		R		P		O
T	I	G	E	R		T	H	U	N	D	E	R	E	R
C		U		I		C		N		E		I		S
H	O	L	I	N	S	H	E	D		R	I	G	H	T
M		A				C				A				E
O	N	T	H	E		O	T	H	E	R	H	A	N	D
		O		C		C		E		M		M		
A	I	R	P	O	C	K	E	T		S	O	B	E	R
L				S				O				R		A
O	V	A	R	Y		F	I	R	E	P	R	O	O	F
O		R		S		L		O		A		S		T
F	A	C	E	T	I	O	U	S		G	L	I	D	E
L		U		E		C		I		A		A		R
Y	A	S	H	M	A	K		S	E	N	I	L	I	S

Solution and Winners of Puzzle No.6,482

F	A	R	A	F	I	E	L	D		H	O	M	E	R
I		E		O		Q		E		A		A		E
G	O	W	E	R		U	N	M	E	R	I	T	E	D
H		A		F		A		O		D		C		S
T	U	R	P	E	N	T	I	N	E		S	H	I	P
		D		I		O		I		F				I
P	O	I	N	T	E	R		C	A	R	O	T	I	D
Y		N		U						O		A		E
J	O	G	T	R	O	T		D	A	N	G	L	E	R
A				E		O		E		T		K		
M	O	L	E		S	W	E	A	R	B	L	I	N	D
A		E		S		H		D		E		N		R
T	H	A	N	K	L	E	S	S		N	E	G	R	O
O		V		I		A		E		C		T		L
P	A	E	A	N		D	U	T	C	H	D	O	L	L

Mrs L. Formesyn, London W13; Ms J.M. Wright, Wallasey, Cheshire; Mr M.J. Davies, Llanbadarn, Aberystwyth; Mr A.P Stopyra, Southport, Lancashire; Mr R.R. Gardner, Bearsden, Glasgow

TELEVISION AND RADIO

SATURDAY

†indicates programme in black and white

BBC1

8:20 am Rooberb. 8:25 Saturday Starts Here. 8:40 Chuckievision. 9:00 The Muppet Babies. 9:30 Going Live! 12:12 pm Weather. 12:15 Grandstand including 12:20 Football Focus; 12:40 Rugby League; 1:00 Racing from Ascot; 1:10 News; 1:15 Boxing; 1:30 Racing from Ascot; 1:40 Boxing (Lloyd Christie v Chris Blake); 2:05 Racing from Ascot; 2:15 Swimming; 3:00 Snooker (Tennents UK Championship); 3:50 Half-time scores; 3:55 Rugby League; 4:40 Final Score. 5:05 News. 5:15 Regional programmes. 5:20 Rolf Harris Cartoon Time. 5:45 Telly Addicts.

6:15 My Family and Other Animals. 6:45 Bob's Full House. 7:20 'Allo 'Allo. 7:45 Casualty. 8:35 Just Good Friends. 9:05 News and Sport. 9:20 Cagney and Lacey. 10:10 Monty Python's Flying Circus. 10:40 Snooker (Tennents UK Championship). 12:20 am Late Night in Concert: Falco.

BBC2

11:10 am Open University. 1:30 Network East. 2:10 Under Sail. †2:30 Film: "The Postman Always Rings Twice" starring John Garfield and Lana Turner. 4:20 The Sky at Night. 4:40 Snooker (Tennents UK Championship). 5:05 International Bridge. 5:35 Espana Viva. 6:00 The Week in the Lords. 6:40 Newsview. 7:20 Shostakovich: "The Golden Age", performed by the Bolshoi Ballet. 9:20 Fortunes of War. 10:20 Rally Report. 10:50 The Film Club. †10:53-1:15 Film: "Obsessions".

LONDON

6:00 am TV-am Breakfast Programme. 9:25 No 73. 11:00 The Roxy. 11:30 Frocks On The Box. 12:00 The Fall Guy. 1:00 pm News. 1:05 Saint & Greavsie. 1:35 Wrestling. 2:15 Comedy Classic: The Cuckoo Waltz. 2:45 The Life and Times of Grizzly Adams" starring Dan Haggerty. 4:30 Cartoon Time. 4:45 Results Service. 5:00 News. 5:05 Walt Disney Presents.

5:15 Blockbusters. 5:45 3-2-1. 6:45 Copy Cats. 7:15 Blind Date. 8:00 Home To Roost. 8:30 Murder, Mystery, Suspense. 10:15 News and Sport. 10:35 Crazy Like A Fox followed by LWT News Headlines. 11:30 Drive-In Movie: "The World's Greater Lover" starring Gene Wilder, Carole Kane and Dom DeLuise. 1:00-4:00 am Night Network.

CHANNEL 4

9:30 am Coping. 10:00 Moneyspinner. 10:30 Scotland's Story. 11:00 Old Country. 11:30 Dancin' Days. 12:00 Make Your Own Video. 12:30 pm Hiawatha. †2:00 "And Now Tomorrow" starring Alan Ladd with Loretta Young, Susan Hayward, Barry Sullivan and Cecil Kellaway. †3:35 "Happy Land" starring Don Ameche. 5:05 Brookside Omnibus. 6:00 Right To Reply. 6:30 To the End of the Rhine. 7:00 News Summary and Weather followed by Citizen 2000. 7:30 Bandung File. 8:30 Gnostics. 9:30 A Fine Romance. 10:00 St Elsewhere. 11:00 Saturday Almost Live. 12:00 Channel 4 Racing International: The Breeders' Cup 1987. 12:30 am The World Cup of Golf.

IBA Regions as London except at the following times:

ANGLIA

11:30 am Randall & Hopkirk (Deceased). 12:30 pm A.L.F. 5:05 Anglia News, Sport and Weather.

BORDER

11:30 am Groovy Ghoulies. 12:00 UFO. 1:00 Border News. 4:30 pm Cartoon. 10:35 Easy Street. 11:00 Heart Of The City.

CHANNEL

11:30 am Streethawk. 12:30 pm Survival Of The Fittest. 12:59 Today's Weather.

GRAMPIAN

11:30 am A.L.F. 12:00 Highway To Heaven. 12:55 pm Home Cookery Club. 11:30 NBD Music Special - "Fleetwood Mac". 12:30 am Reflections.

GRANADA

11:30 am Saturday Matinee: "The Flanagan Boy" starring Barbara Payton and Frederick Valk. 2:15 pm A.L.F. 11:20 Star Movie: John Travolta in "Urban Cowboy". 1:55 am Barney Miller. 2:25 America's Top Ten.

A Shostakovich Festival, BBC2, 7.20 p.m.

HTV

11:30 am Easy Street. 12:00 A.L.F. 12:30 pm America's Top Ten. †10:35 "Battle for the V.1." starring Michael Rennie. HTV WALES: Same as HTV West except: 10:35 pm Cup Rugby: Penarth v Llanharan. †11:20-12:55 am "An Honourable Murder" starring Norman Wooland, Margaretta Scott and Lisa Daniely.

SCOTTISH

11:30 am America's Top Ten. 12:00 Highway To Heaven. 10:30 pm Late Call. 10:35 Film: "Melody" starring Mark Lester and Jack Wild.

TSW

11:30 am The Greatest American Hero. 12:25 pm Gus Honeybun's Magic Birthdays. 12:30 The South West Week. 5:05 Newsport. 5:10 Blockbusters. 10:35 Feature Film: "Not Now Darling" starring Leslie Phillips and Julie Ege. 12:20 am Postscript.

TVS

11:30 am Streethawk. 12:30 pm Survival Of The Fittest. 12:57 TVS Weather.

TYNE TEES

11:30 am "Doctor in Trouble" starring Leslie Phillips, Simon Dee and Harry Secombe. 2:45 Joan Baez at Notre Dame. 3:45 Darts: The Autumn Gold Masters. 1:00 am Poetry Of The People.

ULSTER

11:30 am Feature Film: "Island in the Snow". 1:03 pm Ulster Newstime. 4:58 Sports Results. 5:03 Ulster Newstime. 10:32 Ulster Newstime. 10:35 Magnum. 11:30 Mountbatten - The Last Viceroy. 12:20 am Ulster Newstime.

YORKSHIRE

11:30 am Film. 12:55 pm Cartoon Time. 10:35 Hammer House of Horror Film. 11:35 The Saturday Late Film.

(s) Stereo on VHF

BBC RADIO 2

8:05 am David Jacobs. 9:00 Sounds Of The 60s with Max Bygraves. 10:00 Michael Aspel. 12:00 Woody Herman - A Tribute: Peter Clayton remembers the great band leader. 1:00 pm The News Huddlines. 1:30 Sport On 2 including Football; Racing from Ascot; Rugby League (John Player Trophy); Snooker (Tennents UK Open); Cricket (Preview of England v Pakistan), plus the rest of the day's sporting news. 5.00 Sports Report. 6.00 Brain of Sport 1987. 6.30 Look What They've Done to My Song. 7.00 The Press Gang. 7.30 The Rick Wakeman Experience. 8:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Bill Rennells presents "Nightride". 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am News. 7:05 Morning Concert. 9:00 News. 9:05 Record Review. 10:15 Stereo Release. 11:00 Three Choirs Festival 1987. 1:00 pm News. 1:05 String Quartets in Salzburg: Shostakovich and Ravel played by the Rosamonde Quartet from France at an EBU competition, held last Autumn. 2:00 Andrzej Panufnik: Hommage a Chopin and "Arbor Cosmica" performed by the Academy of St Martin-in-the-Fields Chamber Ensemble with William Bennett (flute), conducted by the composer. 3:00 Amadeus String Quartet: Mozart piano quartet K478-mono; and the Sinfonia Concertante K364 played by Brainin and Schidlof with the Netherlands CO), Haydn (Quartet Op54 No2), Brahms (String Sextet Op36). 5:00 Music for Organ. 5:45 Critics' Forum. 6:35 Music for Guitar. 7:10 Letters from Europe (Tagore's letters home to Bengal from England). 7:30 BBC Symphony Orchestra conducted by Christoph von Dohnanyi, from the Royal Festival Hall, London, part 1: Ives (3 places in New England), Philip Glass (The Light). 8:10 Tom Morris, new manager of the Cleveland Orchestra, talks to Michael Berkeley. 8:30 Concert, part 2: Bartok (Concerto for Orchestra). 9:25 A Concert for St Cecilia: Soloists with the Richard Hickox Singers and City of London Sinfonia conducted by Hickox: Purcell (Come Ye Sons of Art Away), Britten (Hymn to St Cecilia), Handel (Ode to St Cecilia). 11:00 Anthony Goldstone, piano recital: Elgar, Chopin, Beethoven. 11:57-12:00 News.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport On 4. 9:30 Breakaway. 10:00 News; Loose Ends hosted by Ned Sherrin. 11:00 News; The Week in Westminster: Peter Riddell, Political Editor of the Financial Times, presents a personal view. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm The News Quiz (s). 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Second Edition. 3:00 News; Play: The Pass by Ginnie Hole (s). 4:20 Through My Window: The Rt Hon David Steel MP enjoys the view from his home on the Scottish borders. 4:30 Science Now. 5:00 Conversation Piece. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News, including Sports Round-Up.

6:25 Citizens (s). 7:10 Stop The Week with Robert Robinson (s). 7:45 A Graham Greene Anthology (s) Dramatisation of "The Third Man". 9:15 Music in Mind (s). 9:50 Ten To Ten (s). 9:59 Weather. 10:00 News. 10:15 The Saturday Feature: "Market Forces". 10:45 I've Been Together Now For 70 Years. 11:00 Up the Garden Path (s). 11:30 Star Terk II (s). 12:00-12:15 am News; Weather.

SUNDAY

†indicates programme in black and white

BBC1

8:55 am Play School. 9:15 Articles of Faith. 9:30 This Is The Day. 10:00 Bazaar. 10:30 Discovering Portugese. 10:55 Telejournal. 11:20 A Vous La France! 11:45, Espana Viva. 12:10 pm Sea Hear. 12:35 Farming. 12:58 Weather for farmers. 1:00 This Week, Next Week. 2:00 Eastenders. 3:00 Match of the Day Live: Derby County v Chelsea. 4:55 Snooker (Tennents UK Championship). 5:20 Watchdog.

5:45 Vanity Fair. 6:15 Working the System. 6:25 News. 6:40 Songs Of Praise. 7:15 Ever Decreasing Circles. 7:45 Howards' Way. 8:35 Bread. 9:05 Fortunes Of War. 10:05 News. 10:20 Everyman. 11:00 Snooker (Tennents UK Championship). 12:10 Network East.

BBC2

9:15 Now On Two. 9:40 Blue Peter Omnibus. 10:35 Rally Report (live coverage of the Lombard RAC Rally beginning in Chester this morning). 11:30 Aliens in the Family. 12:00 Windmill. 1:00 pm No Limits. 2:00 Rugby Special. 2:40 Snooker (Tennents UK Championship). 3:00 Film: "Vera Cruz" starring Burt Lancaster and Gary Cooper. 4:30 Foley Square. 4:55 Music in Camera.

5:50 Review. 6:30 The Money Programme. 7:15 The Travel Show Guide. 7:50 The Great Philosophers. 8:35 The Natural World: Paradise Reclaimed. 9:25 Did You See..? 10.05 Rally Report (The Lombard RAC Rally). 10:35-1:00 am Film: "Elmer Gantry" starring Burt Lancaster with Jean Simmons.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Wake Up London. 9:35 Sunday At No 73. 10:00 No 73. 10:30 Enniskillen Remembers. 12:45pm Weekend World. 1:45 Link. 2:00 The Human Factor. 2:30 "The Pink Panther Strikes Again" starring Peter Sellers and Herbert Lom. 4:20 Walt Disney's Mickey Mouse. 4:30 Knights Of God. 5:00 Bullseye.

5:30 Sunday Sunday. 6:30 News. 6:40 Appeal. 6:45 Highway. 7:15 Bruce Forsyth's Play Your Cards Right. 7:45 People Do the Funniest Things. 8:15 Tales of the Unexpected. 8:45 News. 9:00 The Charmer. 10:00 Spitting Image. 10:30 The South Bank Show. 11:30 LWT News Headlines followed by American Documentary. 12:30 am Mary. 1:00-3:15 Night Network.

CHANNEL 4

9:25 am Movie Mahal. 10:00 The World This Week. 11:00 Pob's Programme. 11:30 Worzel Gummidge Down Under. 12:00 The Waltons. 1:00 pm Treasure Hunt. 2:00 Empress Wu. 2:30 "Unconquered" starring Gary Cooper, Paulette Goddard, Howard Da Silva, Boris Karloff and Cecil Kellaway. 5:15 News Summary followed by The Business Programme. 6:00 American Football. 7:15 Man-Eating Tigers. 8:15 An Idea of Europe. 8:45 Big Words...Small Worlds. †10:00 "A Walk in the Sun" starring Dana Andrews.

S4C WALES

9:00 am Hafoc. 10:00 The World This Week. 11:00 Today's History. 11:30 Worzel Gummidge Down Under. 12:00 The Waltons. 1:00 pm Arwyddion Ffyrdd. 1:30 Off The Page. †2:00 Feature Film: "The Quiet American" starring Audie Murphy. 4:15 Equinox (s). 5:15 The Business Programme. 6:00 American Football. 7:15 Sam Tan Yr Olwyn. 7:20 Newyddion. 7:30 Rhaglen Hywel Gwynfryn. 8:10 Pobol Y Cwm. 8:40 Dechrau Canu, Dechrau Canmol. 9:10 Hel Straeon. 9:40 Snwcer 10:20 St Elsewhere. †11:15 Twilight Zone.

IBA Regions as London except at the following times:

ANGLIA

9:25 am Sunday At No. 73 Including Speedy and Daffy. 1:45pm Link. 4.25 Anglia News. 5:00 Man In A Suitcase. 6:00 Bullseye. 6:35 Anglia News.

BORDER

9:25 am Sunday At No 73 Including Speedy and Daffy. 1:40 Link. 5:00 Highway To Heaven. 6:00 Bullseye. 11:30 James Galway Invites.

CENTRAL

5:00 Highway To Heaven. 6:00 Bullseye. 6:35 Central News. 11:30 Prisoner Cell Block H. 1:25 am Thriller Classic. 2:50 Central News followed by Central Jobfinder.

CHANNEL

9:25 am Today's Weather. 9:26 Starting Point: Sunday at No. 73. 1:00 pm Link. 1:15 Les Francais Chez-Vous. 1:30 Farm Focus. 4:25 The Classic Cartoon. 4:30 Bullseye. 5:00 Knights Of God.

GRAMPIAN

9:25 am Cartoon - "Speedy and Daffy". 2:30 Feature Film: "Passion" starring Cornel Wilde, Yvonne De Carlo and Raymond Burr. 4:00 Bullseye. 5:00 Scotsport. 11:30 James Galway Invites... "The Fairer Sex to Give a Recital in Harewood House". 12:00 Reflections.

GRANADA

9:25 am Speedy and Daffy. 5:00 Who's The Boss? 5:30 Bullseye. 6:00 Down To Earth. 11:30 The Silk Road.

HTV

9:25 am Sunday At No 73 including Speedy and Daffy. 6:00 Bullseye. 6:35 HTV News. 11:30 America's Top Ten. 12:00 Automate, Emigrate or Evaporate - The New Factory.

SCOTTISH

9:25 am Sunday at No. 73. 2:00 The Gods Of War. 2:30 Film: "When Worlds Collide" starring Richard Derr and Barbara Rush. 4:00 Bullseye. 5:00 Scotsport. 11:30 Late Call. 11:35 Hunter.

TSW

9:25 am Sunday At No 73 followed by Speedy and Daffy. 1:45pm Link followed by South West Link. 4:30 Gardens For All. 5:00 Knights of God. 5:30 A.L.F. 6:00 Bullseye. 6:35 TSW News. 11:30 T J Hooker. 12:25 am Postscript Review.

TVS

9:25 am No 73 followed by Speedy and Daffy. 4:30 Bullseye. 5:00 Knights of God.

TYNE TEES

9:25 am Hello Sunday. 5:00 Who's The Boss? 5:30 Northern Life Sunday Edition. 6:00 Bullseye. 11:30 At The Works. 12.00 Epilogue.

ULSTER

9:25 am Cartoon Time. 1:58 Farming Weather. 5:00 Finding Fax Future. 6:00 Bullseye. 6:30 Ulster Newstime. 6:57 Ulster Newstime. 11:30 The Silk Road. 12:30 am Sports Results. 12:35 Ulster Newstime.

YORKSHIRE

9:25 am Cartoon Time: Speedy and Daffy. 5:00 Hart To Hart. 6:00 Bullseye. 12:30 am Five Minutes. 12:35 Jobfinder.

(s) Stereo on VHF

BBC RADIO 2

7:30 am Roy Castle says 'Good Morning Sunday' including Children In Need. 9:05 Melodies For You. 11:00 Desmond Carrington with your Radio 2 All-Time Greats. 2:00 pm Benny Green. 3:00 Alan Dell. 4:00 Moira Anderson's Serenade. 4:30 Sing Something Simple with the Cliff Adams Singers. 5:00 Charlie Chester with your Sunday Soapbox. 7:00 The Random Jottings of Hinge and Bracket. 7:30 Ian Wallace Presents... 8:30 Sunday Half-Hour, from Hereford Cathedral. 9:00 Your Hundred Best Tunes. 10:05 Songs From The Shows. 10:45 Tony Harrison at the piano. 11:00 Sounds of Jazz with Tony Russell. 1:00 am Bill Rennells presents "Nightride". 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am News. 7:05 English Pastorals. 9:00 World Service News. 9:10 Lili Kraus (recordings of the pianist). 9:00 News. 9:05 Your Concert Choice. 10:30 Music Weekly. 11:15 Kalichstein/Laredo/Robinson Trio (piano trios by Haydn and Brahms). 12:15 pm Words (Talk by Lord Rawlinson). 12:20 From The Festivals 1987: Wagner's "Tristan und Isolde" recorded at the Bayreuth Festival in a performance in German, conducted by Barenboim with Peter Hofmann and Catarina Ligendza in the title roles. 4:20 Arnold Cooke Quartets.

5:15 Interpretations on Record: Robert Philip compares recordings of Stravinsky's "Petrushka". 6:15 Cecilia of Sicilia: Graeme Fife's "Birthday Present for a Saint" spoken by Edward de Souza. 6:25 A Song for St Cecilia's Day. 7:15 BBC Welsh Symphony Orchestra at the Concertgebouw, part 1: Mozart (Overture: The Marriage of Figaro), Mendelssohn (Violin Concerto in E minor, played by Isabelle van Keulen. 7:50 For Friends Only. 8:10 Concert, part 2: Mozart ed Beyer (Requiem Mass K626). 9:10 Surviving Sinfonias by Bach from Cantatas Nos 42 and 174. 9:30 The 1987 Reith Lectures: Beginning Radio 3's repeats of Alexander Goehr's lectures on "The Survival of the Symphony". 10:00 Private Practice and Public Activity (Six musical complements to the Reith Lectures). 11:20 A Most Delightful Art (Secular music from Renaissance Italy). 11:57-12:00 News.

BBC RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday. 8:50 The Princess Royal, C-in-C of the St John Ambulance Brigade, talks about its work with a brigade cadet. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter From America by Alistair Cooke. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 A Graham Greene Anthology (s) "Our Man in Havana" dramatised in three parts. 3:30 The Radio Programme. 4:00 News; While the Instruments Played.

4:47 The Butterfly Collectors. 5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 At Least It's Live. 6:30 International Assignment. 7:00 News; Soundings (s). 7:30 Castles in Spain (s). 8:00 Bookshelf. 8:30 A Word in Edgeways. 9:00 News; An Englishman's House (s). 9:15 The Natural History Programme. 9:59 Weather. 10:00 News. 10:15 Monty - Portrait of a Soldier (Frank Gillard presents a portrait of one of the most distinguished military commanders of the 20th century, Field Marshal Viscount Montgomery of Alamein. 11:00 The Root of the Matter. 11:30 Seeds of Faith (s): Ann Loades looks at the problems of Christianity for women. 12:00-12:15 am News.